Petition

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NO.

IN THE
Supreme Court of the United States
OCTOBER TERM, 1981

CHECKPOINT SYSTEMS, INC.,
Petitioner,

v.

KNOGO CORPORATION

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

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QUESTION PRESENTED

Whether 28 U.S.C. 2412 preempts 35 U.S.C. 285 and Court of Claims Rule 102(a)(2) and absolutely bars the award of attorney fees and expenses to third-party defendants in the United States Court of Claims.

LIST OF PARTIES

Parties to the proceeding in the Court of Claims are (a) Knogo Corporation, plaintiff; (b) The United States, defendant; and (c) Checkpoint Systems, Inc., third-party defendant.

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IN THE
SUPREME COURT OF THE UNITED STATES
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No.

CHECKPOINT SYSTEMS, INC.,

Petitioner,

v.

KNOGO CORPORATION

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

Checkpoint Systems, Inc. petitions for a writ of certiorari to review the decision of the United States Court of Claims in the case of Knogo Corporation v. The United States and Checkpoint Systems, Inc., Third-Party Defendant.

OPINIONS BELOW

The opinion of the United States Court of Claims is not reported (Appendix A, pp. 1a-8a).

JURISDICTION

The decision of the United States Court of Claims was entered on July 29, 1981. The jurisdiction of this Court is invoked under 28 U.S.C. 1255.

STATUTES INVOLVED

28 U.S.C. 2412 provides:

Except as otherwise specifically provided by statute, a judgment for costs, as enumerated in Section 1920 of this title but not including the fees and expenses of attorneys may be awarded to the prevailing party in any civil action brought by or against the United States or any agency official of the United States acting in his official capacity, in any court having jurisdiction of such action. A judgment for costs when taxed against the Government shall, in an amount established by statute or court rule or order, be limited to reimbursing in whole or in part the prevailing party for the costs incured by him in the litigation. Payment of a judgment for costs shall be as provided in Section 2414 and Section 2517 of this title for this payment of judgments against the United States.

35 U.S.C. 285 provides:

The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Ct. Cl. 102(a)(2) provides:

(2) By Order of Court: Except as provided in subparagraph (1) of this paragraph (a), an action will not be dismissed at the plaintiff's instance except upon order of the court and upon such terms and conditions as the court deems proper. Unless otherwise specified in the order, a dismissal under this subparagraph (2) is without prejudice.

STATEMENT

In 1979 respondent, Knogo Corporation (hereinafter Knogo), sued the United States pursuant to 28 U.S.C. 1498 in the Court of Claims for patent infringement for the use of two anti-theft detection systems installed in the United States Patent and Trademark Office[1].

Petitioner, Checkpoint Systems, Inc. (hereinafter Checkpoint), is the manufacturer of the anti-theft detection system sold to the United States and installed in the United States Patent and Trademark Office. Knogo and Checkpoint have been "arch business competitors" for many years prior to Knogo's institution of suit in the Court of Claims (Appendix A, p. 2a).

This suit, initially filed against Checkpoint's customer, was specifically intended by Knogo as a tactical maneuver to jeopardize Checkpoint's interest in the manufacture and sale of theft detection systems and attack Checkpoint through its most visable customer, the United States Patent and Trademark Office[2].

On July 2, 1979 the United States moved the court to notice Checkpoint pursuant to Court of Claims Rule 41(c) and 41 U.S.C. 114(b) to appear as a party to this suit or "forever be barred." (Appendix A, pp. 9a-10a.) In view

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[1]The patent in suit is U.S. Patent No. 3,500,373 entitled "METHOD AND APPARATUS FOR ARTICLE THEFT DETECTION" (Supplemental Appendix B, pp. 1-10).

[2]Checkpoint's sale of merely two alleged infringing systems to the United States government is insignificant as compared to Checkpoint's total sales of the systems throughout the United States. When questioned as to why suit was brought in the Court of Claims, Knogo's president testified:

> Q. O.K. And could you tell me, was there any specific purpose in suing the Government on the patent?
>
> A. It was a very prestigious major account in the public eye for Checkpoint . . . And it is a show place that I felt was the right forum to go, because of all this publicity and all of this exposure that the Checkpoint system receives there. (Appendix A, pp. 29a-30a.)

of the fact that Checkpoint's interests were in issue and that under *Bowser, Inc. v. United States and General Steel Tank Co.*, 420 F.2d 1057 (Ct. Cl. 1970) and the principle of estoppel Checkpoint would be bound by any adverse holding of validity, Checkpoint entered as a third-party defendant, denied infringement, raised the defense of invalidity and assumed the primary role of defending the suit. To this effort Checkpoint spent approximately $160,400 in discovery and preparation for trial (Appendix A, pp. 42a-43a).

In the final stages of discovery, during Checkpoint's deposition of Knogo's president and alleged inventor, significant evidence was uncovered demonstrating the alleged inventor's total lack of understanding of subject matter of the patent and conscious concealment of the identity of the true inventor.[3] Following this deposition, Knogo decided to dismiss the suit and shortly before trial, entered into a stipulation of dismissal with the United States (Appendix A, pp. 31a-32a) and in an unprecedented move, paid to the United States its costs and attorney fees in the sum of $15,000 (Appendix A, p. 2a). Knogo, however, refused to likewise join Checkpoint in said stipulation or equally pay Checkpoint's attorney fees and expenses.

Checkpoint moved the Court of Claims to refuse entry of the stipulation of dismissal (Appendix A, pp. 33a-34a) or in the alternative dismiss with prejudice the case pursuant to Court of Claims Rule 102(a)(2) and award Checkpoint its attorney fees and expenses in the same proportion as that paid by Knogo to the United States (Appendix A, pp. 37a-38a).

On July 29, 1981 the Court of Claims denied Checkpoint's motion to prohibit entry of said stipulation but in accordance with Checkpoint's request dismissed with prejudice the present action under Rule 102(a)(2) (Appendix

[3]Details of the recently discovered evidence demonstrating the fraudulent actions of Knogo in the procurement of the U.S. Patent No. 3,500,373 are set forth in Appendix A, pp. 11a-16a.

A, p. 5a). The court, however, denied Checkpoint's request for attorney fees and flatly held that 28 U.S.C. 2412 preempts 35 U.S.C. 285 and totally bars Checkpoint's (or any third-party's) request for attorney fees and expenses (Appendix A, pp. 6a-8a). From this decision Checkpoint herein petitions for writ of certiorari.

REASONS FOR GRANTING THE PETITION

The Court of Claims holding that 28 U.S.C. 2412 absolutely bars the award of attorney fees to third-party defendants, directly controverts the award of attorney fees to third-party defendants, directly controverts the intent and language of both 28 U.S.C. 2412 and 35 U.S.C. 285, renders ineffective the lower court's powers under Court of Claims Rule 102(a)(2), encourages the attempted enforcement of a fraudulently procured patent and significantly promotes and condones forum shopping.[4]

This is particularly true under the facts of the present case wherein: (a) respondent intentionally chose the United States as a target defendant in order to jeopardize the interest of its primary competitor, (b) where recently discovered evidence clearly shows a fraudulent concealment of the identity of the true inventor, (c) where immediately after the uncovering of said evidence and shortly before trial respondent chose to dismiss its action and pay to the Government its costs and attorney fees in the sum of $15,000 and (d) where Checkpoint, having been compelled to join as a third-party defendant, assumed the primary defense and expended approximately $160,400 in attorney fees and expenses.

[4]This decision absolutely bars the award of attorney fees to all third parties in any case (patent or otherwise) wherein the United States is a party, and moreover, absolutely precludes such third-party from presenting evidence in support of its argument for attorney fees.

28 U.S.C. 2412 provides for the award of costs to the prevailing party in a civil action brought by or against the United States. As fully recognized by the Court of Claims the purpose of this statute is "only to make equitable the award of costs as between the United States and a private party." (S. Rep. No. 1329, 89th Cong., 2d Sess. (1966), reprinted in (1966) U.S. Code Cong. & AD. News 2527-31.) (Appendix A, p. 6a.) Nowhere in 28 U.S.C. 2412 is there any inference, let alone a mandate, that absolutely bars the award of attorney fees and expenses to a private third-party defendant as against a private plaintiff and especially a plaintiff that intentionally brought suit against the United States to attack the third-party defendant. The provision of 28 U.S.C. 2412 relating to attorney fees merely codifies the common law rule of sovereign immunity *Cassata v. Federal Savings and Loan Insurance Corp.*, 445 F.2d 122, 125 (7th Cir. 1971), and bears no relation to plaintiff's liability to a private third-party defendant.[5] Knogo chose to fraudulently procure and assert the patent and should not be allowed protection under a statute based on government immunity.

The Court of Claims cited no authority for its holding that 28 U.S.C. 2412 absolutely bars attorney fees as between plaintiff and third-party defendant but based its rationale on: (a) "The difficulty in allocation that Checkpoint's interpretations would create" and (b) "The inconsistency Checkpoint's interpretation would produce." (Appendix A, pp. 7a-8a.)

The court first reasoned that "were it not that the defendant here was the United States, a prevailing third-party defendant would seek attorney fees and expenses from the plaintiff, if he could get them, but also from the defendant" and that "(A) method for allocating the expenses on the former issues is not immediately apparent."

[5]If anything, 28 U.S.C. 2412 narrows the scope of governmental immunity and allows for attorney fees where "provided by statute."

(Appendix A, p. 7a.) Checkpoint fails to see under what authority or legal theory it could sustain a request for attorney fees as against its customer the United States. Checkpoint's request for attorney fees is based solely on Knogo's attempt to enforce a fraudulently procured patent and abrupt dismissal in the face of trial. The question of "allocation" is irrelevant.

Secondly, the court reasoned that "(U)nder Checkpoint's view, a plaintiff would be potentially liable for attorney fees and expenses if it sued the United States and a third party participated, but not if there were no third-party" and therefore there exists an "uncertainty" which should be eliminated (Appendix A, p. 7a).

Checkpoint submits that the court's rationale of "uncertainty" is not of such consequence to justify the preemption of 35 U.S.C. 285, Court of Claims Rule 102(a)(2) and extension of 28 U.S.C. 2412 to absolutely prohibit the award of attorney fees between private litigants. Knogo sued the United States with the intent to jeopardize Checkpoint's rights. Under the doctrine of estoppel, Checkpoint, if it did not enter as a third-party, would nevertheless be bound in any future proceeding with respect to a holding of validity. Under these circumstances there is little if any "uncertainty" that Checkpoint would join as a third-party defendant. Furthermore, any concern for "uncertainty" is insignificant as compared with the interests of the court and 35 U.S.C. 285 to assure candor and honesty in the procurement and enforcement of a United States patent.

If allowed to stand, the Court of Claims decision preempts 35 U.S.C. 285 and its intent to assure the honest procurement and enforcement of a patent. This decision is inconsistent with such established precedent as *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*,

407 F.2d 288, 294 (9th Cir. 1969); *True Temper Corp. v. CF & I Steel Corp.*, 601 F.2d 495, 508, 509 (10th Cir. 1979); *Tidewater Patent Development Co. v. K.M. Kitchen*, 421 F.2d 680, 681 (4th Cir. 1970) and *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 818 (1945) and literally encourages potential plaintiffs with defective patents to attack their competitor via the United States without apprehension of any adverse monetary repercussions.[6]

The court's decision further renders ineffective Court of Claims Rule 102(a)(2) that allows for dismissal "upon such terms and conditions as the court deems proper." If allowed to stand, the present decision removes the inherent power of the court to award attorney fees against a plaintiff who fraudulently procures a patent, attempts to enforce said patent against its primary competitor via the Court of Claims and dismisses the action on the eve of trial after the uncovering of such fraudulent activities. This holding is inconsistent with the power inherent to all courts of the United States as pronounced in *Hall v. Cole*, 412 U.S. 1, 4, 5 (1972); and applied in *Krasnow v. Sacks & Perry, Inc.*, 58 F.Supp. 828 (S.D.N.Y. 1945).

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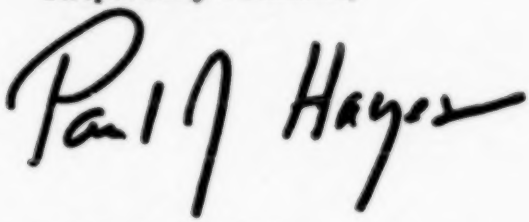
[6]Given the degree of technical advancement today and the vast requirements of the United States, a potential plaintiff will have little problem finding isolated purchases by the United States of the alleged infringing device and may therefore (as here) use such isolated purchases to effectuate suit against the manufacturer via the United States and in the Court of Claims.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,



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IN THE UNITED STATES COURT OF CLAIMS

No. 194-79C

(Decided July 29, 1981)

KNOGO CORPORATION
v. THE UNITED STATES
AND CHECKPOINT SYSTEMS, INC.,
THIRD-PARTY DEFENDANT

Walter Rozen, attorney of record, for plaintiff. Stroock & Stroock & Lavan, Lawrence F. Scinto, William J. Brunet, Fitzpatrick, Cella, Harper & Scinto, of counsel.

William O. Geny, with whom was Acting Assistant Attorney General Thomas S. Martin, for defendant, Vito J. DiPietro, of counsel.

Stanley M. Schurgin, attorney for third-party defendant. Glen E. Books, Paul J. Hayes, Weingarten, Maxham & Schurgin, of counsel.

Before NICHOLS, BENNETT, and SMITH, Judges.

OPINION

BENNETT, Judge, delivered the opinion of the court:

The court is presented here with a procedural snarl not uncommon in patent cases but unique on its facts in this instance. Plaintiff, Knogo Corporation, with the signed consent of defendant, filed a stipulation on April 17, 1981, under Rule 102(a)(1)(ii) to dismiss this action with preju-

dice. It is not stated in the stipulation but it is an uncontested fact that the stipulation results from a settlement agreement between Knogo and the United States pursuant to which Knogo agrees to pay defendant its costs and attorney fees in the amount of $15,000. The issue now is whether the court should approve this stipulation to dismiss or allow the motion by the third-party defendant, Checkpoint Systems, Inc. (Checkpoint), for an order precluding entry of dismissal pursuant to the stipulation. We think that the case should be dismissed, as stipulated.

This case arose as an action against defendant United States to receive reasonable compensation for alleged unauthorized use by defendant of two electronic antitheft detection systems purchased by defendant and installed in the United States Patent and Trademark Office by Checkpoint, Inc. Knogo claimed that this was an infringement of its own patent, No. 3,500,373. Defendant noticed Checkpoint under Rule 41, requesting that its supplier appear as a third-party defendant because Checkpoint's agreement with defendant contained an indemnification clause. Checkpoint did enter the case and the parties have engaged in pretrial discovery. For many years the two companies have been arch business competitors and Knogo has suits pending against Checkpoint in patent disputes in other nations. It was Knogo's view that Checkpoint's contract with the Patent Office was a prestigious major account and that a suit against its most visible customer would be advantageous, especially if it forced recognition of infringement of the Knogo patent.

Checkpoint's motion opposes allowance of dismissal based on the stipulation unless Knogo agrees to pay Checkpoint's litigation expenses and attorney fees (alleged to be between $160,400 and $175,000) in the same proportion as Knogo has agreed to pay defendant's expenses. Knogo, of course, refuses to pay. Checkpoint bases its objection to

dismissal on the rule cited above which provides that plaintiff may dismiss by order of the court "by filing a stipulation of dismissal signed by the adverse par*ties*." (Emphasis added.) Since Checkpoint is a third-party defendant and refuses to sign, it believes the dismissal must be aborted unless its conditions are met, citing *Wheeler v. American Home Products Corp. (Boyle-Midway Div.),* 563 F.2d 1233 (5th Cir. 1977), a case arising under Fed.R.Civ.P. 41(a)(1)(ii). We think that case is distinguishable. In that matter, a discrimination suit was brought by certain employees against an employer and a labor union. Certain other employees intervened as plaintiffs. Later, the original plaintiffs settled with the defendants and then sought dismissal of the case with prejudice over the objection of the intervenors who were excluded from the monetary settlement and wished to pursue injunctive relief. The district court allowed dismissal and the court of appeals reversed. The court of appeals held that Fed.R.Civ.P. 41(a)(1)(ii), which provides for dismissal pursuant to stipulation, was inapplicable since the intervenors had not signed the settlement agreement. There the court was protecting the rights of the intervenors who wished to pursue a claim cognizable on its merits in the district court. In this case, Checkpoint can pursue no claim on the merits against Knogo since we have no jurisdiction over merits claims between private parties, as opposed to claims for costs and attorney fees and expenses in restricted circumstances. *United States v. Sherwood,* 312 U.S. 584 (1941); *Berdick v. United States,* 222 Ct. Cl. ____, 612 F.2d 533 (1979); *Rolls-Royce Ltd. v. United States,* 176 Ct. Cl. 694, 364 F.2d 415 (1966); *National City Bank v. United States,* 143 Ct. Cl. 154, 163 F.Supp. 846 (1958).

In any event, Ct. Cl. Rule 102(a)(2) permits the court to dismiss at plaintiff's instance without a stipulation between the parties, as Checkpoint concedes. We choose to do so. It

is proper in this instance because the case has not yet gone to trial, and we see nothing to indicate that justice would require any further proceedings now that there is no controversy involving a claim against the United States. *Cf. Somali Development Bank v. United States,* 205 Ct. Cl. 741, 508 F.2d 817 (1974); *Mulholland v. United States,* 175 Ct. Cl. 832, 361 F.2d 237 (1966) (cases holding that we have no jurisdiction over a government counterclaim once it is found there is no jurisdiction over plaintiff's claim).

While the petition is to be dismissed at this point, this does not entirely dispose of the present motion. Ct. Cl. Rule 102(a)(2) permits the court to dismiss "upon such terms and conditions as the court deems proper." Checkpoint argues that dismissal would not be proper unless Checkpoint's expenses and attorney fees are paid by Knogo, as aforesaid. This reveals the motion to be what it is in essence and effect: a motion for the award of costs and attorney fees and expenses. We have some uncertain leeway to consider disputes between private parties as to such claims. *Compare Pottawatomie Tribe v. United States,* Ct. Cl. No. 15-E (order entered May 22, 1981), with *Hannahville Indian Community v. United States,* Ct. Cl. No. 29-L (order entered August 24, 1979), and *Sisseton & Wahpeton Bands v. United States,* 191 Ct. Cl. 459, 469, 423 F.2d 1386, 1391 (1970).

We first consider costs, although we note that it is not quite clear whether and to what extent Checkpoint is claiming costs. The pertinent statute, 28 U.S.C. 2412 (1976) (amended 1980), permits the award of costs in civil actions brought by or against the United States. However, it is a matter for the court's discretion, and the court's historic practice has been not to award costs to any party. *Aparacor, Inc. v. United States,* 215 Ct. Cl. 596, 607, 571 F.2d 552, 558 (1978); *Rasmussen v. United States,* 211 Ct. Cl. 260,

275 n.20, 543 F.2d 134, 142 n.20 (1976); *SCM Corp. v. United States*, 211 Ct. Cl. 309 (1976). *See Weather Eng'r Corp. v. United States*, 206 Ct. Cl. 842 (1975); *Weather Eng'r Corp. v. United States*, 206 Ct. Cl. 882 (1975). We see no reason to make an exception to our practice in this case.

The question of attorney fees and expenses presents a more difficult problem. Checkpoint asserts that 35 U.S.C. 285 (1976) permits the award of attorney fees in patent cases. That statute reads:

> The Court in exceptional cases may award reasonable attorney fees to the prevailing party.

Checkpoint has made untried allegations that plaintiff obtained its patent by fraud on the Patent Office and argues that if this is true it would make this case exceptional within the meaning of the statute, citing *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*, 407 F.2d 288 (9th Cir. 1969). Plaintiff counters that 28 U.S.C. 2412 prohibits the award of attorney fees and expenses in any civil action brought by or against the United States, and hence creates an exception to 35 U.S.C. 285 here. Checkpoint's response is that 28 U.S.C. 2412 does not apply to an award of attorney fees and expenses against a private party in favor of another private party.

Turning to 35 U.S.C. 285, we see a problem as to whether Checkpoint is a "prevailing party" within the meaning of the statute quoted above. Plaintiff asserts a claim against the United States and Checkpoint appears in this case as an indemnitor of the Government. Plaintiff asserts no claim against Checkpoint. Checkpoint does assert a counterclaim against plaintiff. However, it may be disregarded as it is for relief pursuant to the Declaratory Judgment Act, 28 U.S.C. 2201, 2202 (1976), under which this court has no authority applicable here. *United States v. King*, 395 U.S. 1 (1969);

Shippen v. United States, Ct. Cl. No. 281-79C (slip opinion of June 17, 1981). Hence, there is technically no controversy between Checkpoint and plaintiff in which Checkpoint could prevail. If the counterclaim is considered such a controversy, Checkpoint has lost, not prevailed. The parties have not considered this point. However, presumably the argument would be made that practical substance rather than technical form should control in applying the statute, and the practical substance here is that plaintiff and Checkpoint are adverse parties on the merits of plaintiff's claim against the United States and that Checkpoint has prevailed since plaintiff's claim will be dismissed with prejudice. Since the parties have not addressed the issue, we prefer to rest our decision on another ground.

The statute, 28 U.S.C. 2412, prohibits the award of attorney fees and expenses in any civil action brought by or against the United States.[1] By its terms, the statute would seem to apply to the instant case. Checkpoint argues that the policy behind section 2412 does not prevent the award of attorney fees and expenses as between private parties in cases to which the United States is a party. It is true that the purpose behind the enactment of section 2412 was only to make equitable the award of costs as between the United States and a private party. S. Rep. No. 1329, 89th Cong., 2d Sess. (1966), reprinted in [1966] U.S. Code Cong. & AD. News 2527-31. Nevertheless, we believe the statute bars the award of attorney fees and expenses here.[2]

[1]The Equal Access to Justice Act, Publ. L. No. 96-481, 204, 94 Stat. 2325 (1980), amends 28 U.S.C. 2412 to allow for the recovery of attorney fees and expenses in certain cases, but the amendment is not effective until October 1, 1981.

[2]As a consequence, we find it unnecessary to reach the issue of fraud and plaintiff's assertion that the fees and costs claimed by Checkpoint are unsubstantiated.

We note first the difficulty in allocation that Checkpoint's interpretation would create. That is, were it not that the defendant here was the United States, a prevailing third-party defendant would seek attorney fees and expenses from the plaintiff, if he could get them, but also from the defendant. Checkpoint's attempt to recover solely from plaintiff is an attempt to shift to plaintiff costs that would be borne partly, if not entirely, by the defendant, but which it cannot bear here since it is the United States. While perhaps some allocation could be made between expenses the plaintiff should bear and those the defendant would bear, the difficulties with this can be seen in the instant case: all that has been contested is defendant's liability to plaintiff and no issues have been litigated which strictly go to Checkpoint's liability to defendant. Litigation on the latter issues could easily be allocated to defendant. A method for allocating the expenses on the former issues is not immediately apparent.

What we find truly dispositive, however, is the inconsistency Checkpoint's interpretation would produce. Under Checkpoint's view, a plaintiff would be potentially liable for attorney fees and expenses if it sued the United States and a third party participated, but not if there were no third party. We do not believe such uncertainty should exist. There should be a single rule to give potential plaintiffs fair warning of their potential liability. That rule must be that there shall be no liability for attorney fees and expenses in suits against the United States under existing law as applicable to this motion. That rule is compatible with both the language and purpose of the present statute. Checkpoint's interpretation is flawed in that it must ignore the statutory language. Checkpoint may argue that there is no uncertainty in the instant case, that Knogo brought this case as an attack against Checkpoint, using the United States as merely a nominal

defendant and knowing full well that Checkpoint would participate. For such an argument to succeed, the statute would have to be applied on a case-by-case basis. We believe the statute is best applied as a single, certain rule, rather than on a case-by-case basis. We note further that the United States is not merely a nominal defendant here. It is not judgment-proof, and it participates actively with its own counsel. The practical substance of the role of the United States in these cases will vary from case to case, and we do not believe a workable rule could be made which would take into consideration the subtle variations in the substance of its role. In sum, we hold that 28 U.S.C. 2412 bars the attorney fees and expenses Checkpoint seeks.

Upon consideration of the third-party defendant's motion for an order precluding entry of dismissal pursuant to the stipulation for dismissal entered into by plaintiff and defendant United States and filed on April 17, 1981, the response thereto, and other papers submitted to the court in connection with this issue, it is concluded, without oral argument, that the motion should be and it is denied. The stipulation is accepted and the petition is dismissed with prejudice. Checkpoint's counterclaim is dismissed. All other pending procedural motions by the parties are mooted.

IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,	)	
	)	
Petitioner,	)	
	)	
v.	)	194-79C
	)	
UNITED STATES,	)	
	)	
Defendant.	)	

MOTION FOR NOTICE TO THIRD PARTY UNDER RULE 41

Now comes the defendant, by its Assistant Attorney General, and moves the Court to issue a notice in accordance with the provisions of Rule 41(c) and 41 U.S.C. 114(b) to:

Checkpoint Systems, Inc.
110 East Gloucester Pike
Barrington, New Jersey 08001

to appear as party to this suit, if it so desires, and assert any interest it may have therein.

STATEMENT IN SUPPORT OF MOTION

Plaintiff, in the petition filed May 11, 1979, alleges that the defendant has had manufactured for it, and has used, electronic theft detection apparatus described in and covered by United States Patent No. 3,500,373 (Petition, paragraph 4). The accused equipment was procured from Checkpoint Systems, Inc. (hereinafter "Checkpoint") under GSA Contract No. GS-00S-06787. Based on information and

belief, a patent indemnity clause appears in the above-identified contract wherein Checkpoint has agreed to indemnify the Government against liability for infringement of any United States letters patent.

Since Checkpoint appears to have an interest in the subject matter of this litigation, and since any judgment against the United States will affect Checkpoint's interest at least under the terms of the patent indemnity clause appearing in the above contract, it is believed that Checkpoint should be given an opportunity to make an appearance in this case, if it so desires, or forever be barred from doing so. *Bowser v. United States,* 190 Ct. Cl. 441, 420 F.2d 1057, 164 U.S.P.Q. 460 (1970); *Carrier Corp. v. United States,* 209 Ct. Cl. 267, 269, 534 F.2d 250, 251, 194 U.S.P.Q. 82, 83 (1976).

Plaintiff's counsel has authorized defendant's counsel to state that plaintiff has no objection to this motion.

For the reasons set forth above, defendant respectfully requests that this motion be granted.

Respectfully submitted,

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Attorney General

WILLIAM O. GENY
Attorney,
Department of Justice

OF COUNSEL
Vito J. DiPietro
Attorney, Department of Justice
July 2, 1979

IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	194-79C
THE UNITED STATES,	)	Judge
	)	Joseph V.
Defendant,	)	Colaianni
	)	
v.	)	
	)	
CHECKPOINT SYSTEMS, INC.,	)	
	)	
Third-Party Defendant.	)	

MEMORANDUM IN SUPPORT OF CHECKPOINT'S MOTION FOR LEAVE TO AMEND ITS ANSWER AND COUNTERCLAIM

Nature of Motion

Checkpoint submits the following memorandum in support of its Motion For Leave To Amend Its Answer And Counterclaim to include the defense of invalidity and unenforceability due to plaintiff's breach of its uncompromising duty of candor to the United States Patent and Trademark Office. In the course of discovery Checkpoint has uncovered evidence showing that the named inventor, Arthur J. Minasy, is not the sole inventory of the subject matter described and claimed in the patent in suit and that Mr. Minasy intentionally failed to name the true inventor.

Argument

The subject matter of the patent in suit relates to an electronic article detection system utilizing a resonant circuit, a sweep frequency generator, an RF filter, a notch filter and a pulse detector. A copy of Fig. 4 of the patent is attached hereto as Exhibit A. (See Supplemental Appendix B, p. 2.)

The deposition of the named inventor Mr. Minasy, was recently taken by Checkpoint. Early in this deposition it became apparent that Mr. Minasy had no understanding whatsoever of electronics in general, the operation of the circuits disclosed in his patent and the function of the invention allegedly invented by him. For example, Mr. Minasy did not know the function of rudimentary components such as an inductor, a blocking capacitor, a high pass filter, a low pass filter, and essentially all the basic elements of his alleged invention.

The evidence of Mr. Minasy's total lack of understanding of his alleged invention is monumental. For example, Mr. Minasy testified that his system is designed to detect certain *DC frequency components.* Not only is this testimony technically absurd, but moreover, it clearly points out Mr. Minasy's total lack of any appreciation of the system. A true inventor of the patent would at least know that there are no frequency components in a DC signal. Portions of Mr. Minasy's transcript are attached hereto as Exhibit B for this court's review. (Appendix A, pp. 17a-28a.) Checkpoint respectfully submits that a casual reading of this testimony will convince this court of the aforementioned wrong doing.

The alleged patentable feature of the claimed invention relates to the inclusion of a "notch filter" to remove the sweep frequency components in the received signal. Mr. Minasy testified that he conceived the idea of using a notch

filter after a number of days of study of filters in the local library. However, when presented with a basic electronic handbook entitled *Electronic and Radio Engineering* and specifically shown the section on filters (Exhibit C, See Supplemental Appendix B, pp. 11-12), Mr. Minasy could not even begin to describe the filters shown therein or relate them in any manner to their potential use in the invention. Mr. Minasy's total unfamiliarity with the typical terminology used in this basic handbook is contradictory to his claim of inventorship. Mr. Minasy, when presented with the simplest form of an RC circuit (Exhibit D, See Supplemental Appendix B, p. 13), could not in any respect identify it as a filter, had no idea of the function of the R and C and had absolutely no appreciation of the effect such a circuit would have on a signal. It is inconceivable to Checkpoint how this alleged inventor could conceive the idea of using a notch filter without any appreciation whatsoever of the basic electronics involved therein.

More importantly, in direct contradiction to Mr. Minasy's testimony, Mr. Novikoff, the electrical engineer who designed and built the system described in the patent, testified that he (Mr. Novikoff) put in the notch filter, that he (Mr. Novikoff) instantly recognized the need for such a filter and that the use of such a filter to remove the 500 Hz sweep frequency was a known and common practice in the industry.

Knogo has failed to produce any early contemporaneous documents authored by Mr. Minasy. In fact all the contemporaneous documents disclosing the invention are authored by either Mr. Novikoff or Mr. Hamlet. The absence of any Minasy documents is consistent with Checkpoint's belief that Mr. Minasy did not invent the subject matter disclosed in the patent.

The evidence uncovered by Checkpoint further shows that

at the time Mr. Novikoff worked on the detection system disclosed in the patent, he was employed by Airborne Instrument Laboratories (AIL). AIL is an electronic corporation that designs and manufactures sophisticated government equipment for various detection uses. Furthermore, Mr. Novikoff's employment contract with AIL (Exhibit E, See Supplemental Appendix B, pp. 14-15)* specifically required him to assign to AIL all inventions and work done by him during his employment that related "directly or indirectly" to the subject matter of AIL's work. Clearly the detection system disclosed in the patent relates either "directly or indirectly" to AIL's work. Moreover, this employment agreement also required Mr. Novikoff to disclose to AIL any patent applications filed in his name whether or not they related to the work of AIL. The evidence shows that Mr. Novikoff did not disclose to AIL his design efforts on the subject matter claimed in the patent in suit, that Mr. Minasy and Mr. Novikoff were long-time friends and that Mr. Minasy was aware of Mr. Novikoff's employment at AIL.

Further evidence uncovered by Checkpoint shows that Mr. Hamlet, the technician who built the device in accordance with Mr. Novikoff's schematics, was paid approximately $100 for his efforts. However, Mr. Novikoff, who Mr. Minasy now characterizes as a pair of hands, was given by Mr. Minasy for his "efforts" 30,000 shares of stock in the plaintiff corporation, now worth $600,000.

The above evidence is only a small portion of the facts and circumstances uncovered by Checkpoint that lead it to believe that Mr. Minasy did not in any stretch of the imagination invent the system disclosed and claimed in the

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*Exhibit E is an unsigned copy of Mr. Novikoff's employment agreement with AIL. The signed copy is in the possession of AIL and will be obtained in future discovery.

patent in suit and that Mr. Minasy's oath to the contrary was false and done with the intent to deceive the United States Patent and Trademark Office and avoid future ownership problems with AIL and possibly the U.S. Government.

It is well established that a patent may issue only to the true inventor and that the deceptive nondisclosure of the true inventory not only invalidates the patent but justifies the award of attorneys' fees *Rival Manufacturing Company v. Dazey Products Company,* 358 F. Supp. 91 (1973); *Precision Instrument Manufacturing Co. v. Automotive Maintenance Co.,* 324 U.S. 806.

Rule 39(a) provides that leave to amend "shall be freely given when justice so requires". This is especially true in patent litigation where the courts have consistently admonished parties from pro forma pleadings of fraud and have routinely allowed amendment after discovery. The results of discovery have revealed a factual basis for the aforementioned defense of invalidity. Accordingly, Checkpoint's Motion To Amend should be granted.

Respectfully submitted,

CHECKPOINT SYSTEMS, INC.

By _____

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IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,)
)
Plaintiff,)
)
-versus-)
)
THE UNITED STATES and)
CHECKPOINT SYSTEMS, INC.,)
)
Defendants.)

DEPOSITION of ARTHUR J. MINASY
taken on Wednesday, March 11, 1981
(Afternoon Session)

Q. Could you show me where junction 28 is on figure 4? Would you please put a red X where junction 28 is?

A. If I can find it.

Q. Take your time.

A. I can't find the number 28. I'm not a circuit designer, so I won't take a guess.

Q. O.K.

Could you tell me where the juntion 28 is, do you know, on figure 4?

A. No.

Q. O.K. Could you tell me where—excuse me.

Do you know what a blocking capacitor is?

A. Not offhand.

Q. Did you ever hear the term before?

A. Might have.

Q. You don't have an understanding of what it is?

A. Not offhand.

Q. What do you mean "Not offhand"?

A. Just exactly that.

Q. All right.

What does "Not offhand" mean?

A. Not right here.

Q. O.K.

Do you know what an eddy current is?

A. I've heard it described any number of ways.

Q. Could you explain to me what an eddy current is?

A. A current flowing around or bouncing around. You could have eddy currents in a room where there is a frequency being generated bouncing off walls. There could be other definitions, probably.

Q. Do you have eddy currents in resistors?

A. I don't know.

Q. Do you have an eddy current in an inductor?

A. I don't know.

Q. Could you tell me what an inductor is?

A. Not by definition, not now.

Q. Could you tell me what it does?

A. No. I don't design circuits.

Q. O.K.

Do you know what a capacitor is?

A. Yes. That I know.

Q. Do you know what a differential capacitor is?

A. Not really.

Q. Do you know what a differential comparator is?

A. No.

Q. What is a capacitor?

A. Collects energy and discharges energy.

Q. How does that work?

A. You have two plates and a gap, and that is what it does, it collects and it discharges.

Q. Is it AC energy or DC?

A. I don't know. I don't care. I don't know.

Q. Do you know what a frequency controlled oscillator is?

A. Yes.

Q. What is that?

A. It's a generator and it generates a controlled frequency.

Q. Does it generate AC or DC current?

A. Usually DC.

Q. Can it generate AC?

A. I don't know. Maybe.

Q. How does a frequency controlled oscillator work?

A. I'm not a circuit designer.

Q. Do you know?

A. It generates a frequency. If you have a frequency controlled oscillator, it can generate a frequency at some rate that you want and a frequency that you want. That is all I have to know.

Q. That is a DC frequency?

A. It's a frequency. I believe in this case DC.

Q. Now, what is a frequency?

A. What is a frequency?

Q. Yes, of a signal. What is the frequency of a signal?

A. One megahertz, ten megahertz; it's the radiation rate of 60 cycles for the power line.

Q. Is that one megahertz DC?

A. One megahertz doesn't describe DC or AC to me.

Q. Is the frequency a DC frequency?

A. Usually.

Q. O.K.

Do you know what a modulator is?

MR. SCINTO: Just any kind of modulator?

MR. HAYES: Yes.

A. There are all types of modulators.

Q. What is a modulator?

A. Modulator would control certain things you want to control.

Q. Modulating DC frequency signals?

A. I'm not a circuit designer.

Q. Do they modulate DC frequency signals?

A. Can be, yes.

Q. Now, does the capacitor normally, that normally stores AC energy, isn't that correct? Is that correct?

A. Stores energy.

Q. AC?

A. Just energy.

Q. But can it store AC energy?

A. No. I'm not sure. I don't know the characteristics of all capacitors.

Q. Well, if I have a capacitor and I stick in a signal—excuse me. Let me show you this Novikoff Exhibit 26. (Handing document to the witness.)

Did you ever see a circuit like that before?

A. Can't remember.

Q. Can you recognize that circuit?

A. As?

Q. Can you give it a name?

A. No.

Q. Do you know if I stick an input signal Vi into this circuit what the signal coming out looks like?

A. No.

Q. Do you know what effect the capacitor in this circuit would have on an input signal Vi?

A. No.

Q. Do you know what effect the resistor and the capacitor would have on the input signal Vi?

A. No.

Q. O.K.

Now I refer to your patent, to Figure 2. Do you see that?

A. Yes.

Q. O.K. What is that?

MR. SCINTO: And in this respect, Mr. Minasy, you have the right to review the entire document before you answer the question.

Q. Could you indicate—

MR. SCINTO: There is a question pending.

MR. HAYES: I'll give you another question.

Q. Would you indicate to me what Figure 2 is; could you tell me what Figure 2 is without reading the patent?

MR. SCINTO: I don't think he should do that.

I instruct the witness not to.

MR. HAYES: Can he indicate what Figure 2 is without reading the patent?

MR. SCINTO: I instruct the witness not to answer the question. It's unfair.

MR. HAYES: No, it's not.

MR. SCINTO: Don't answer the question.

Q. Can you tell me what Figure 2 is without reading the patent?

MR. SCINTO: Don't answer the question.

Ask it as many times as you want, Mr. Hayes. The instruction remains the same. Unfair question to the witness.

Mr. Barlow, do you have something to say on the record? Say it on the record.

MR. BARLOW: I don't think—

MR. HAYES: What is the reason for the instruction?

MR. SCINTO: It is unfair to ask any witness to interpret any document without letting him read—

MR. HAYES: Can he tell me what Figure 2 is without reading that patent from—

MR. SCINTO: That is interpreting the patent.

MR. HAYES: It is not.

I'll rephrase the question.

MR. SCINTO: Rephrase it all you want.

BY MR. HAYES:

Q. Let's look at the patent, O.K.?

Do you understand what Figure 2 is a representation of, sir?

* * * *

detector?

A. I'm not a circuit designer.

Q. You don't know what the value is; is that correct?

A. I'm not a circuit designer. I don't read values; I don't design values.

Q. Does the pulse detector have a Q?

A. I don't believe so.

Q. O.K. You are sure?

A. No. I don't care.

Q. O.K. You say a high Q absorbs energy; is that correct?

A. Yes.

Q. What—how does it do that?

A. How does it do that?

Q. Yes.

A. It is an electrical phenomenon. The higher the Q, the more energy it will absorb.

Q. How do you determine the Q of the circuit?

A. There are instruments that measure the inductance of it and tells you what the Q is.

Q. If you have a circuit and you want to tune it, you want to get high Q, how do you do that?

A. Not necessarily tuning it to get high Q. It is

* * * *

Q. What effect do eddy currents have on a piece of metal?

A. I don't know.

Q. O.K. You don't know. Does wood—does a piece of wood have eddy currents, do you know; can that have eddy currents?

A. Now we're getting into forestry; I don't know.

Q. Does a piece of metal have eddy currents?

A. I don't know.

Q. Does—if you have an infinite Q in your tag, are you saying it absorbs the maximum energy?

A. I didn't say that.

Q. Well, what does it do?

A. My knowledge extends to the fact that I would like to have the highest Q I could possibly get, because my understanding is the higher the Q, the more energy will absorb.

Q. In the tag, you mean?

A. In the tag.

Q. Right So, does the tag get hot from absorbing this energy?

A. Which tag?

Q. The tag, the tag in your system.

A. Does it get hot?

* * * *

Is that all right?

MR. SCINTO: It is your prerogative.

(Pause)

MR. HAYES: Let me rephrase that question.

BY MR. HAYES:

Q. How does a low Q affect main oscillator 14? Could you explain, please, the effect of a low Q on main oscillator 14?

A. No.

Q. Can you explain the effect of a low Q on tuning circuit 22?

A. No.

Q. Can you explain the effect of a low Q on amplifier 26?

A. No.

Q. Can you explain the effect of a low Q on a frequency controlled oscillator 24?

A. No.

Q. Can you explain the effect of a low Q on first signal detector 30?

MR. HAYES: We are not giving foot signals, are wee (sic)?

MR. SCINTO: I am asking if he is ready to answer the question.

* * * *

Q. Can you explain the effect of a low Q on first signal detector 30?

A. It might be detected there slightly.

Q. What is the effect of low Q on the signal detector?

A. Very little, if any.

Q. Can you explain the effect of low Q on RF filter 32?

A. Doesn't have anything to do with that.

Q. No effect then?

A. The RF filter—I guess it has no effect.

Q. What about on notch filter 34, the effect of a low Q?

A. Has no effect there either.

Q. I show you Hamlet Exhibit 4A-3 and ask you have you ever seen that document before?

A. I might have but I don't remember it.

Q. Would you please indicate for me where the main oscillator is?

A. No, I'm not a circuit designer and I don't—I can't identify it on this.

Q. Can you—

MR. SCINTO: Finish the answer.

A. On this drawing 4A-3.

Q. Can you identify where RF filter 32 is?

A. No.

Q. Could you identify where notch filter 34 is?

A. No.

Q. Can you identify where amplifier 36 is?

A. No.

Q. Can you identify where the pulse detector is?

A. No.

Q. Can you identify where the relay is?

A. No.

Q. Can you identify where the alarm circuit is?

A. No.

Q. Can you identify where the frequency controlled oscillator is?

A. No.

Q. Can you identify where the tuning circuit is?

A. No.

Q. Can you identify the tag circuit?

A. No.

Q. Where in your system do you detect the

* * * *

A. Yes.

Q. That is yes?

A. Yes.

MR. SCINTO: Would you read the last question and answer back for me, please, and the one before that.

(Record was read back.)

Q. Could you explain to me the operation of a high pass filter, please?

A. No.

Q. You don't know.

MR. SCINTO: Do you want to know what it does or how it does it?

Q. Do you know how it works, a high pass filter?

A. It's a filter.

Q. What does it do?

A. It filters.

Q. What does it filter?

A. I don't know offhand.

Q. Could you explain to me the operation of a low pass filter?

A. It filters.

Q. What does it filter?

A. Whatever it's designed to filter.

Q. What is that on a low pass filter?

A. I don't know.

Q. Could you explain to me the operation of a notch filter?

A. A notch filter, as I have it here, filters out the 500 cycles that I put in the frequency control oscillator and it is designed to do that.

Q. How does it do that?

A. I'm not a circuit designer.

Q. Do you know how the notch filter filters out the sweep frequency?

A. Notch filters are filters that are designed to eliminate, in my definition, a particular frequency that you want to eliminate very quickly. That is all I have to know. Circuit designers can put the circuitry together.

Q. Why did you put in a notch filter 34 instead of a low pass filter?

A. I'll go back 15 or 16 years when I looked up, went to the handbooks and various reference manuals and read about various types of filtering. The notch filter impressed me as the one that would do the job most efficiently for my requirements.

* * * *

Q. O.K. Now, was there any investigation made by yourself into determining what Mr. Novikoff contributed to the invention and what Mr. Hamlet contributed and what you contributed?

MR. SCINTO: Again in this period of time?

MR. HAYES: Yes.

MR. SCINTO: Can we understand that all the questions—

MR. HAYES: Yes. That is what I am doing.

MR. SCINTO: I don't want to interrupt. I just want to make sure we get the record straight.

Q. Was there any investigation undertaken by yourself to determine exactly what Mr. Novikoff's contribution to the invention was, what Mr. Hamlet's contribution to the invention was and what your contribution to the invention was?

A. Mr. Novikoff and Mr. Hamlet did exactly what I told them. They didn't move without my instructions.

Q. Was there any investigation done by yourself at the request of counsel to determine what each of them contributed?

MR. SCINTO: Repeat the question for me, please.

* * * *

Q. What was the state of the device at that time?

A. Various stages.

Q. Like what?

A. I saw him so frequently that I couldn't pick a date and say that was done that day and that was done that day and that was done that day. Sometimes I would see him and nothing had been done for a week or two weeks. He had been busy and nothing had been done.

Q. Prior to mid-1965, had you ever used a notch filter before?

A. I don't belief I personally have, no.

Q. Were you ever involved in any device using a notch filter?

A. I don't remember.

Q. Did you participate in any manner with Mr. Novikoff in building the circuitry?

A. No.

Q. Did you participate with Mr. Hamlet in building the circuitry?

A. Physically, no.

Q. In laying out the circuit diagrams?

A. No.

Q. Do you have any present memory of making

* * * *

IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,)
)
Plaintiff,)
)
-against-)
)
THE UNITED STATES and)
CHECKPOINT SYSTEMS, INC.,)
)
Defendants.)

Continued deposition of ARTHUR J. MINASY, taken by defendants pursuant to adjournment, on Thursday, March 12, 1981, at 12:06 o'clock in the afternoon, at the offices of Fitzpatrick, Cella, Harper & Scinto, Esqs., 277 Park Avenue, New York, New York 10017, before Robert E. Levy, a Certified Shorthand Reporter and Notary Public within and for the State of New York.

Q. Who made the determination to file suit on this U.S. patent in suit?

A. I did.

Q. O.K. And could you tell me, was there any specific purpose in suing the Government on the patent?

A. It was a very prestigious major account in the public eye for Checkpoint. Thousands of people go in and out of the record room at the Patent Office and see a system every day and it's not a Knogo system, and since I have a patent and the Patent Office wants to use something that I think infringes, it was also quite an insult and difficult to explain to the world that your own government doesn't respect its own patents. And it is a show place that I felt was the right forum to go,

because of all this publicity and all of this exposure that the Checkpoint system receives there.

Q. So—

A. It's good business.

Q. Right.

Well, do you contemplate suing Checkpoint in any other jurisdiction at this time?

A. I'm sure I thought about the question, but this was the one that was preeminent on my mind and overshadowed anything else that was on my mind.

IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	194-79C
	)	
THE UNITED STATES,	)	
	)	
Defendant.	)	

STIPULATION FOR DISMISSAL

It is hereby stipulated by and between the plaintiff, Knogo Corporation, and the defendant, the United States, that the above-entitled action be and the same is hereby dismissed *with prejudice.*

/s/ Walter Pozen
WALTER POZEN
Attorney for Plaintiff

Date: April 17, 1981

/s/ Thomas S. Martin
THOMAS S. MARTIN
Acting Assistant
Attorney General

Date: April 17, 1981

/s/ Harry E. Barlow

HARRY E. BARLOW
Attorney, Department of Justice

Date: April 17, 1981

IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	No.
THE UNITED STATES,	)	194-79C
	)	Judge
Defendant,	)	Joseph V.
	)	Colaianni
and	)	
	)	
CHECKPOINT SYSTEMS, INC.,	)	
	)	
Third-Party	)	
Defendant.	)	

MOTION BY THIRD-PARTY DEFENDANT CHECKPOINT FOR AN ORDER PRECLUDING ENTRY OF DISMISSAL PURSUANT TO STIPULATION

Now comes third-party defendant, Checkpoint Systems, Inc. (Checkpoint), and moves this Honorable Court to order that dismissal, pursuant to stipulation filed by Knogo, not be entered. Checkpoint brings this motion for the following reasons.

Plaintiff, Knogo Corporation, has filed a stipulation of dismissal under Rule 102(a)(1)(ii) attempting to dismiss the above action with prejudice to Knogo and payment of costs and attorneys' fees to the United States. Knogo has refused

to pay Checkpoint's costs and attorney's fees and has failed to include Checkpoint as a signatory to this stipulation.

Under Rule 102(a)(1)(ii), an action may be dismissed by the plaintiff without order of the Court only "by filing a stipulation of dismissal signed by the adverse par*ties*." (Emphasis added.) The stipulation filed by Knogo is not signed by the adverse par*ties* and is specifically without the consent of third-party defendant, Checkpoint. Checkpoint is an adverse party in the above litigation and any stipulation of dismissal under Rule 102(a)(1)(ii) must carry the consent of Checkpoint.

For the above reasons, as more particularly set forth in Checkpoint's accompanying memorandum, Checkpoint requests that dismissal pursuant to this stipulation not be entered.

Respectfully submitted,

CHECKPOINT SYSTEMS, INC.

By _____
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IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	No.
	)	194-79C
THE UNITED STATES,	)	Judge
	)	Joseph V.
Defendant,	)	Colaianni
	)	
and	)	
	)	
CHECKPOINT SYSTEMS, INC.,	)	
	)	
Third-Party	)	
Defendant.	)	

THIRD-PARTY DEFENDANT, CHECKPOINT SYSTEMS, INC.'S REPLY TO KNOGO CORPORATION'S MEMORANDUM IN OPPOSITION TO DEFENDANT'S ORDER PRECLUDING ENTRY OF DISMISSAL

Third-party defendant, Checkpoint Systems, Inc., files the following memorandum in response to Knogo Corporation's request for dismissal. Checkpoint submits that any dismissal must include a dismissal with prejudice in favor of Checkpoint and payment of Checkpoint's expenses and attorneys' fees in the same proportion paid by Knogo to the United States Government.

Knogo Does Not Deny That Checkpoint Is An Adverse Party In This Litigation

Knogo does not deny or rebut Checkpoint's contention that Checkpoint is an adverse party to this litigation. Knogo does not deny that its purpose in instituting suit against the Government was in effect to litigate the issue of Checkpoint's alleged infringement. Knogo does not deny the gravity of Checkpoint's interest in this litigation and the consequences to Checkpoint if the patent in suit were to be held valid and infringed. Knogo further does not legitimately contest the amount of expenses incurred by Checkpoint to protect its interest.* Clearly, Checkpoint is an adverse party to this litigation.

Knogo's Stipulation Of Dismissal Is Contrary To The Rules Of This Court And Knogo's Jurisdictional Argument Is Premature

Rule 102(a)(ii) mandates that a stipulation of dismissal be with the consent of the "adverse parties". Checkpoint is an adverse party and Knogo's intentional exclusion of Checkpoint renders the filed stipulation null and void. (See Checkpoint's Memorandum In Support of Motion by Third-Party Defendant Checkpoint for an Order Precluding Entry of Dismissal.)

*Knogo's off-handed comments in the footnote on page six of its memorandum attempt to cast doubt on the money expended by Checkpoint in this litigation. Knogo would have this court believe that Checkpoint has expended this sum of money in an effort solely to protect Checkpoint's liability on the two government systems. Checkpoint has agressively defended this lawsuit because of Knogo's expressed intent to obtain a holding of validity and infringement in this court and further prosecute Checkpoint once such a holding has been obtained and has become res judicata to Checkpoint.

The settlement agreement with the Government is predicated upon entry of the dismissal pursuant to the aforementioned stipulation. Until Knogo complies with Rule 102(a)(ii) and dismissal is entered, this case continues and the court has jurisdiction. Knogo's jurisdictional argument is thus premature and irrelevant.

Dismissal Of The Above Action

Knogo has requested this court to dismiss the above action. Checkpoint agrees that this court has the power to dismiss this case pursuant to Rule 102(a)(2) "upon such terms and conditions as the court deems proper." Checkpoint submits that any dismissal to be "proper" must include Checkpoint and be with prejudice to Knogo and payment of Checkpoint's expenses and attorneys' fees in the same proportion as paid to the Government.

Rule 102(a)(2) provides that this court may at the request of plaintiff dismiss the above action "upon such terms and conditions as the court deems proper." The counterpart to this rule is Rule 41(a)(2) of the Federal Rules of Civil Procedure. The thrust of both Rule 102(a)(2) and Rule 41(a)(2) is "to prevent voluntary dismissals which unfairly affect the other side, and to permit the imposition of curative conditions" *Alamance Industries, Inc. v. Filene's*, 291 F.2d 142, 146 (1st Cir. 1961); *Scandinavian Airlines System v. Reactive Metals, Inc.*, 16 F.R.Serv.2d 1058 (E.D.N.Y. 1972).

The federal courts throughout the country have continuously sanctioned plaintiffs who on the eve of trial have attempted to dismiss their cause of action without concern for the rights and interest of the adverse parties. Under these circumstances, the courts pursuant to Rule 41(a)(2) have

dismissed plaintiff's complaint with prejudice and at times awarded costs, expenses and attorneys' fees associated with the defendant's efforts in the litigation *George P. Converse & Co. v. Standard Packaging Corp.*, 125 USPQ 55, 3 F.R.Serv.2d 41 b.32 (D. N.J. 1959). This is particularly true in patent cases where there has been evidence of fraudulent procurement of the patent in suit. For example in *Krasnow v. Sacks & Perry, Inc.*, 58 F.Supp. 828 (S.D.N.Y. 1945) the plaintiff patentee on the eve of trial attempted to dismiss with prejudice its claim for infringement. The court conditioned this dismissal only upon the award of attorneys' fees. See also *Howard Lawrence v. W. Fuld*, 32 F.R.D. 329 (D. Maryland 1963).

Knogo's argument that this court is without power to award attorneys' fees even after trial and upon a finding of fraud is without merit. 35 U.S.C. 285 has been consistently interpreted to allow the award of attorneys' fees upon the finding of exceptional circumstances, particularly the fraudulent procurement of a U.S. patent. As distinctly stated by Judge Huffstead in *Monolith Portland Midwest Company v. Kaiser Aluminum & Chemical Corporation*, 407 F.2d 288 (1969)

> An applicant's fraud on the Patent Office is enough standing alone to convert his later infringement action into an exceptional case within the meaning of section 285. But conduct short of fraud and in excess of simple negligence is also an adequate foundation for deciding that a patent action is exceptional. Such conduct is a serious breach of the patentee's duty to the Patent Office. The party who succeeds in invalidating the unlawful patent performs a valuable public service. It is appropriate under such circumstances to reward the prevailing party by giving him attorney's fees for his efforts, and it is equally appropriate to penalize in the same measure the patentee who obtained the patent by his wrongdoing.

See also *Milford A. Campbell and Campbell Machines Company v. Spectrum Automation Company,* 601 F.2d 246 (1979); *True Temper Corporation v. CF & I Steel Corporation,* 601 F.2d 495 (1979) and *Tidewater Patent Development Company v. K.M. Kitchen,* 421 F.2d 680 (1970).

28 U.S.C. 2412 is directed specifically toward the government's liability and does not preclude an assessment of attorneys' fees against a plaintiff who knowingly attempts to prosecute a fraudulently procured patent. This statute merely carves out a small exception to 35 U.S.C. 285 for the benefit of the U.S. Government and is based solely on government immunity. Knogo has cited no authority to support the proposition that 28 U.S.C. 2412 totally preempts the operation of Rule 102(a)(ii) and 35 U.S.C. 285.

In both *Calhoun v. United States,* 453 F.2d 1385 (Ct. Cl. 1972) and *Leesona Corp. v. United States,* 599 F.2d 958 (Ct. Cl. 1979), the issue was whether or not attorneys' fees could be assessed against the *Government* not against the plaintiff. In each of these cases the court based its denial of attorneys' fees on the concept of government immunity. In the present case, however, attorneys' fees are requested against Knogo, which is not protected by government immunity. Knogo chose to fraudulently procure the patent in suit, to assert the patent despite such defect and cannot now claim protection under a statute based on government immunity.

In the action presently before this court the evidence demonstrates the alleged inventor's total lack of knowledge of the subject matter of the patent and a conscious attempt to conceal from the United States Patent Office the identity of the true inventor. (See Checkpoint's Memorandum In Support of Its Motion For Leave to Amend Its Answer.)

Furthermore, the fraudulent acts of plaintiff were recently uncovered only after extensive discovery motions, extensive investigations and an extensive deposition of plaintiff's president and alleged inventor, Mr. Minasy. Only after that deposition and the discovery of this evidence did plaintiff decide that it was time to quit.*

Checkpoint has expended a considerable amount of time and money in the defense of this litigation. This litigation was precipitated by plaintiff who knew full well that the patent in suit was fraudulently procured. Despite such knowledge plaintiff prosecuted this case for two years in an attempt to obtain a judgment of validity with an intent to take such judgment and proceed under the doctrine of res judicata against Checkpoint's entire product line. This scheme of Knogo's has now been thwarted by Checkpoint's continued and persistent defensive effort. In view of Knogo's activities Checkpoint requests this court to dismiss this action with prejudice in favor of Checkpoint and award costs and attorneys' fees to Checkpoint in the same proportion that such fees have been paid to the Government.

Knogo has paid to the Government costs and attorneys' fees in the amount of $15,000 covering substantially all of the Government's expenses. Checkpoint, having assumed the primary role in defending the above litigation, has expended $160,400 (See Exhibit A, Affidavit of A.E. Wolf—Appendix A, pp. 42a-43a.

---

*Plaintiff has represented that its reason for now wanting a dismissal relates to a prior art Kendall patent that it now believes anticipates the claimed invention. This excuse is not only transparent, but groundless, in view of the fact that plaintiff has known about the Kendall patent for over a year prior to its present change of heart.

If the court determines that this matter should be dismissed, Checkpoint requests consideration of these expenses. In the alternative, Checkpoint requests this court to set the case for trial immediately.

Respectfully submitted,

CHECKPOINT SYSTEMS, INC.

By _____
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OF COUNSEL:

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IN THE UNITED STATES COURT OF CLAIMS

KNOGO CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	194-79C
	)	
THE UNITED STATES,	)	Judge
	)	Joseph V.
Defendant,	)	Colaianni
	)	
and	)	
	)	
CHECKPOINT SYSTEMS, INC.,	)	
	)	
Third-party defendant.	)	

AFFIDAVIT OF TED WOLF

COMMONWEALTH OF PENNSYLVANIA:
SS
COUNTY OF PHILADELPHIA :

I, TED WOLF, being duly sworn according to law, depose and say that:

1. I am President of Third-Party Defendant Checkpoint Systems, Inc. and have been President since June 1977.

2. Checkpoint has presently expended approximately $160,400 in expenses (deposit transcript, travel, expert fees, etc.) and attorney fees, in defending the present patent infringement suit in the United States Court of Claims.

3. The above-referenced legal fees have been assessed on a per hour basis, ranging between $75.00 and $100.00 per hour.

/s/ A.E. Wolf
Ted Wolf

Sworn to and subscribed
before me this 6th day
of May, 1981.

/s/ Florence B. Owens
Notary Public

Notary public, Phila. Phila. Co.
My Commission expires Dec. 11, 1984.

Appendix

81-759

Office - Supreme Court, U.S.
FILED
OCT 20 1981
ALEXANDER L. STEVAS,
CLERK

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1981
NO.

CHECKPOINT SYSTEMS, INC.,
Petitioner,

v.

KNOGO CORPORATION

SUPPLEMENTAL APPENDIX B

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

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Weingarten, Schurgin & Gagnebin
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(617) 523-8030
Counsel for Petitioner

Of Counsel:
JOSEPH WEINGARTEN
STANLEY M. SCHURGIN

SUPPLEMENTAL APPENDIX B

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March 10, 1970 A. J. MINASY 3,500,373

METHOD AND APPARATUS FOR ARTICLE THEFT DETECTION

Filed May 6, 1966 3 Sheets-Sheet 1

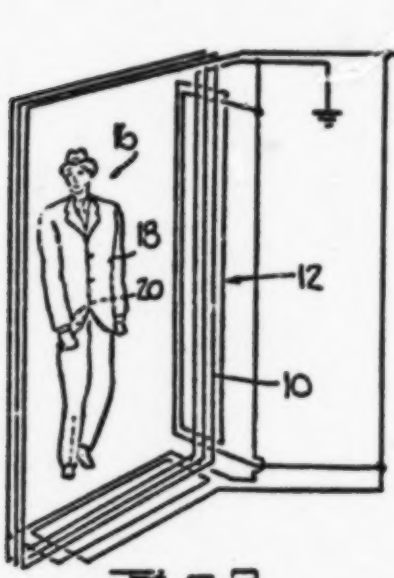
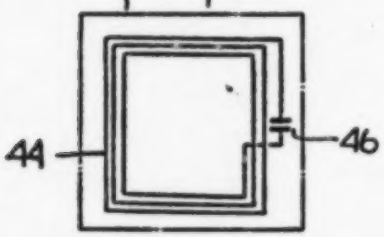


Fig. 2.



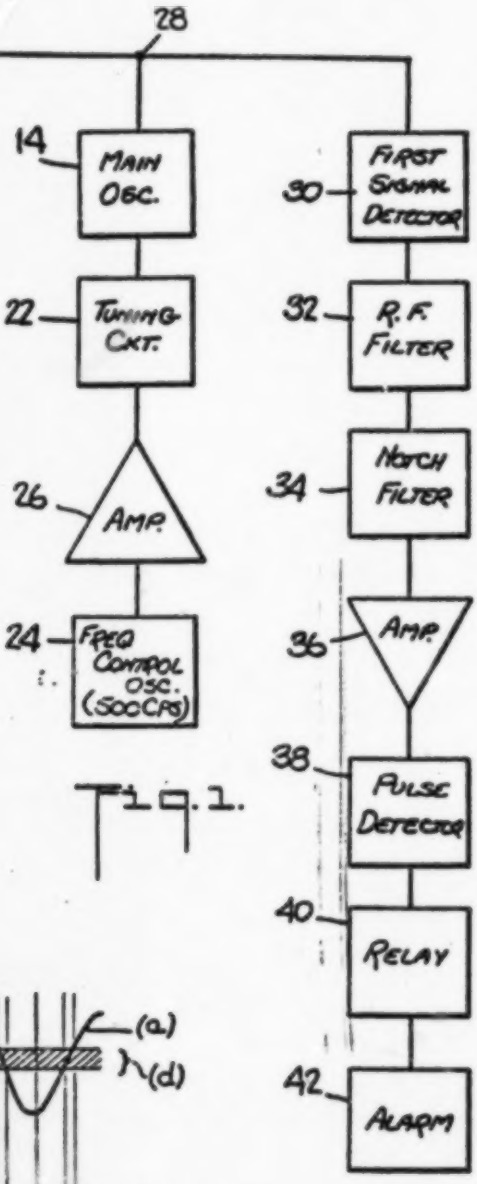
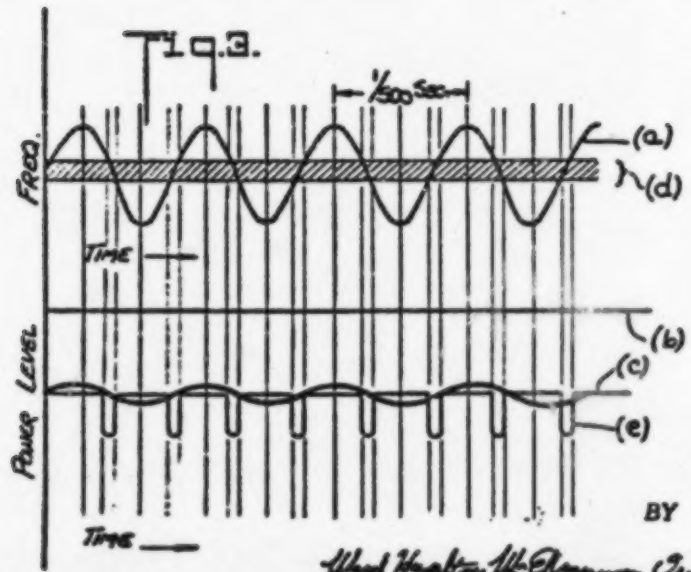


Fig. 1.

Fig. 3.



INVENTOR.
ARTHUR J. MINASY

BY

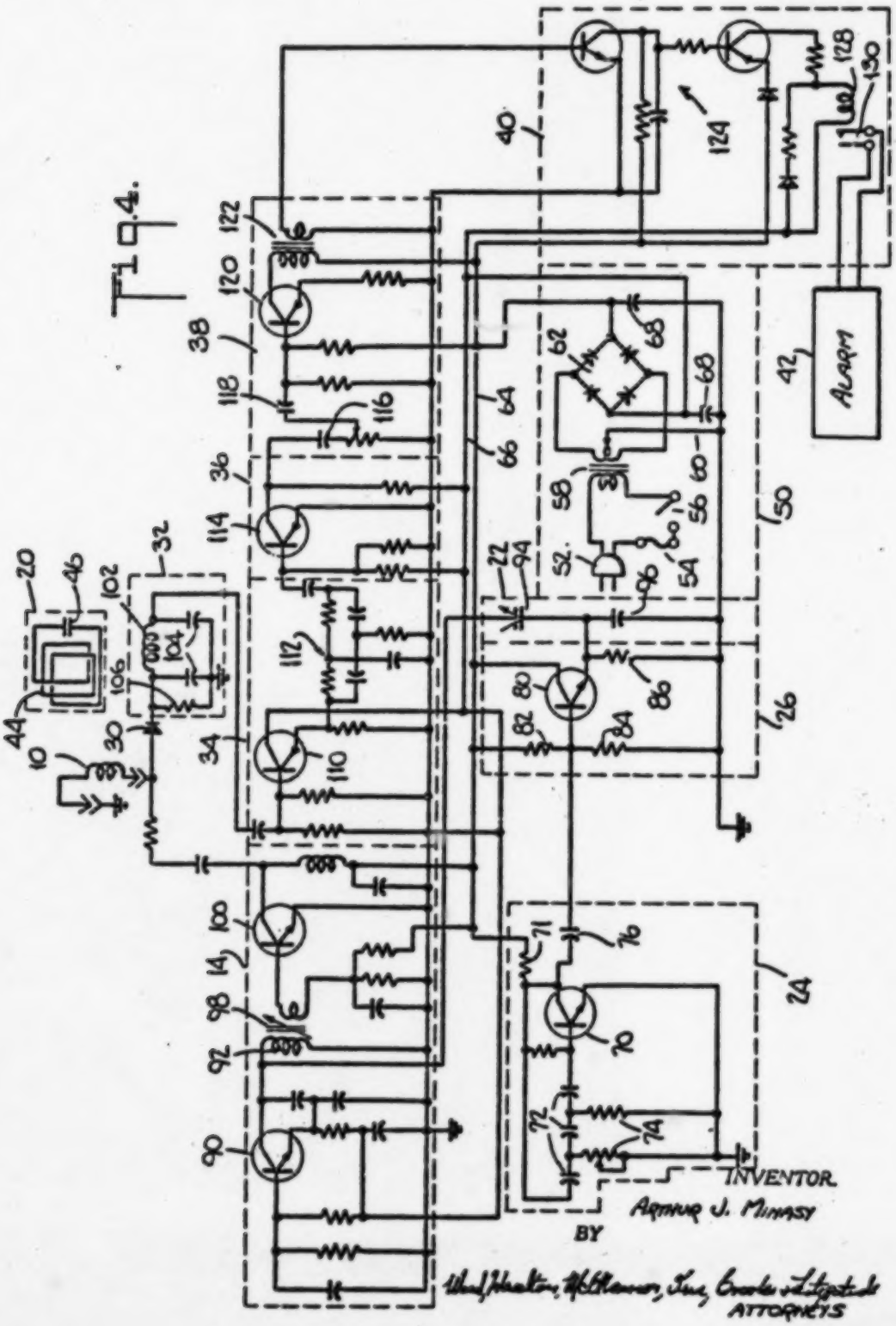
Ward, Hauptman, McEldowney, Olsen, Brooks & Littlepage
ATTORNEYS

March 10, 1970 A. J. MINASY 3,500,373

METHOD AND APPARATUS FOR ARTICLE THEFT DETECTION

Filed May 6, 1966 3 Sheets-Sheet 2

FIG. 4.

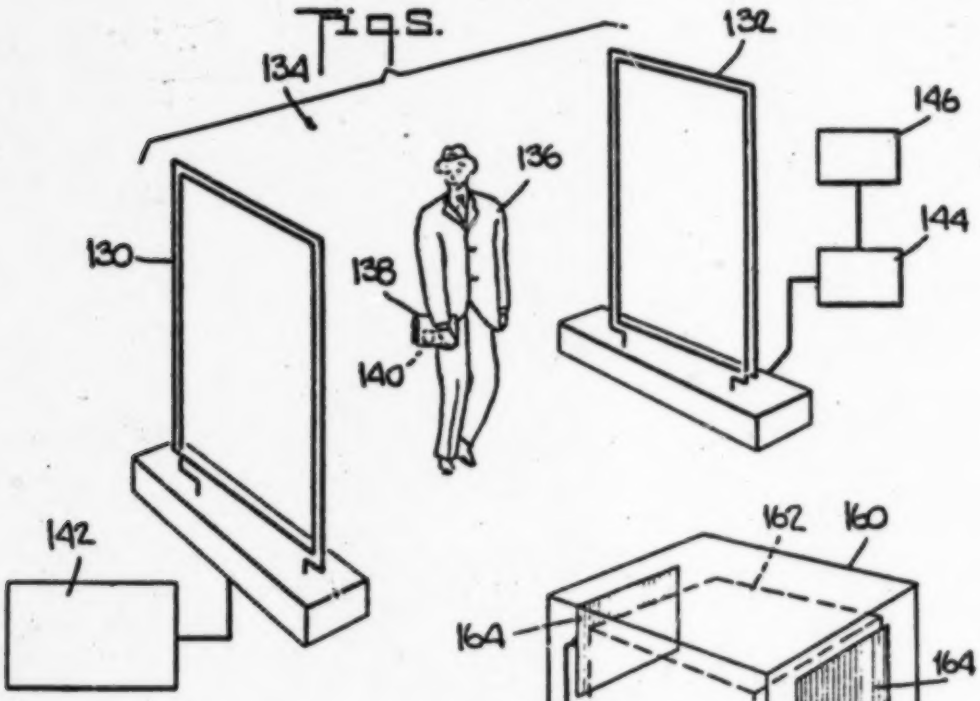


March 10, 1970 A. J. MINASY 3,500,373

METHOD AND APPARATUS FOR ARTICLE THEFT DETECTION

Filed May 6, 1966 3 Sheets-Sheet 3

Fig. 5.



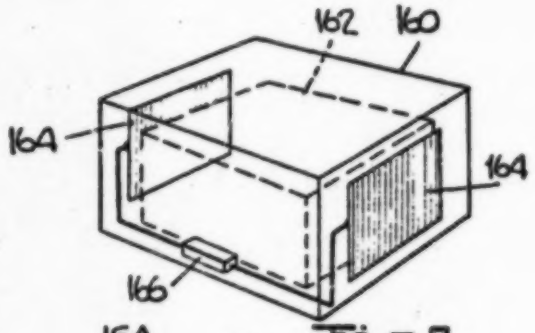


Fig. 7.

Fig. 6.

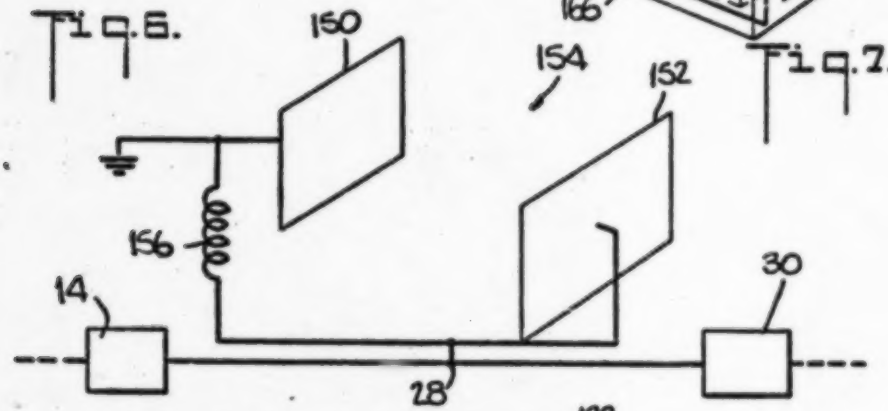


Fig. 8.

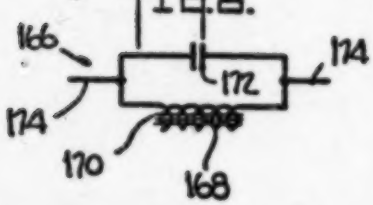
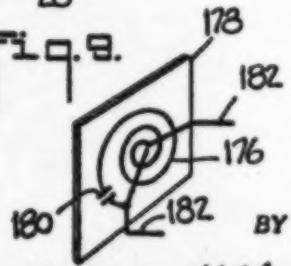


Fig. 9.



INVENTOR.
ARTHUR J. MINASY

BY

Ward, Hanson, McClenny, Zinn, Barker & Fitzpatrick
ATTORNEYS

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 3,500,373

DATED : March 10, 1970

INVENTOR(S) : ARTHUR J. MINASY

It is certified that error appears in the above-identified patent and that said Letters Patent are hereby corrected as shown below:

In the Drawings:

Fig. 1, add the reference numerals -- 12a -- and -- 12b -- with lead lines extending, respectively, to the coils lying along one side and the bottom of checkpoint 12;

Fig. 4, remove the dot from the intersection between the leftmost vertical line connected via a resistor to the base of the transistor 110 and the horizontal ground line;

change the connection of the lower end of the primary of the transformer 122 from the positive line 64 to the negative line 66.

In the Specification:

Column 3, line 71, reverse the position of the reference numerals "10" and "12";

Column 4, line 66, change "descirbed" to -- described --;

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 3,500,373

DATED : March 10, 1970

INVENTOR(S) : ARTHUR J. MINASY

It is certified that error appears in the above-identified patent and that said Letters Patent are hereby corrected as shown below:

Column 9, line 31, change "sstem" to -- system --;

Column 10, line 10, change "checkpoint" to -- egress facility--

line 14, change "checkpoint" to -- egress facility-

Column 10, line 33, change "generating" to -- generator --.

Signed and Sealed this

Twenty-second Day of August 1978

[SEAL]

Attest:

RUTH C. MASON
Attesting Officer

DONALD W. BANNER
Commissioner of Patents and Trademarks

United States Patent Office

3,500,373
Patented Mar. 10, 1970

3,500,373

METHOD AND APPARATUS FOR ARTICLE THEFT DETECTION

Arthur J. Minasy, Woodbury, N.Y., assignor, by mesne assignments, to The National Bank of North America, as trustee, a national banking association

Filed May 6, 1966, Ser. No. 548,314
Int. Cl. G08b 13/00
U.S. Cl. 340—258 20 Claims

ABSTRACT OF THE DISCLOSURE

A theft detection system wherein a resonant electrical circuit affixed to articles to be protected, electromagnetic waves are generated at a checkpoint and are caused to sweep repetitively at a given rate through a frequency range including the resonant frequency of the circuit attached to the protected articles and wherein changes in energy level which occur at the repetition rate are detected.

This invention relates to detection systems and more particularly it concerns novel arrangement for reliably indicating the passage of articles past given checkpoints.

Various techniques have been developed in the past for monitoring checkpoints, such as the exits of stores, in order to prevent the unauthorized taking of articles of merchandise out of the store or other protected area. Some of these techniques utilize radiating electromagnetic energy which is reflected, absorbed, or otherwise transformed by miniature electronic circuits imbedded in or otherwise affixed to the "protected" articles. The effect which the miniature electronic circuit produces on the transmitted energy is monitored continuously, and when a change occurs due to the movement past a checkpoint of an article bearing the electronic circuit, an alarm is sounded.

It is, of course, quite important that the electronic circuits which are attached to the protected articles of merchandise be as small as possible and that they be made up of only small and inexpensive components. Systems have been developed wherein the circuits to be attached to protected articles comprise only a small piece of metal of a special size and shape to form a resonant circuit. These systems transmit continuously in the vicinity of the checkpoint at the resonant frequency of the circuits attached to the merchandise. When an article of merchandise bearing such circuit or piece of metal passes through the checkpoint, the circuit begins to resonate as a result of the transmitted energy. This in turn causes absorption of a portion of the energy in the vicinity of the checkpoint. Means such as a grid dip meter are provided to monitor such changes in ambient energy level and to sound an alarm when the level drops as a result of its absorption by a resonant circuit passing through the checkpoint.

A major difficulty encountered in connection with prior systems of the above type, lies in the fact that the frequency sensitivity of the energy level monitory equipment is quite low. A a result, many articles of "unprotected" or "authorized" merchandise, (i.e., articles of merchandise which may not be carrying the resonant electronic circuits), would cause the alarm to be triggered upon passing through the checkpoint. This occurs because many objects made of metal will absorb radiated energy to a certain degree irrespective of the size or configuration of the metallic portions of the object. Thus, prior systems are often incapable of distinguishing "protected" from "unprotected" articles. While it is undesirable when "protected" articles pass through a monitory checkpoint undetected, it is often even more undesirable when false alarms are sounded when unprotected or authorized articles pass through.

The frequency insensitivity of energy level meters is in part caused by the fact that they are required to note changes in overall energy level while only sampling a small portion of the total energy. In order to do this, the basic energy level sensitivity of the meter must be raised to a very high degree; and this in turn renders the meter less capable of distinguishing between changes in energy level at one frequency and changes at another nearby frequency.

The present invention overcomes all of the above discussed difficulties. With the present invention, it is possible to protect articles by means of very simple, inexpensive and compact electronic circuits. These circuits may comprise only a simple coil and capacitor packaged in a card-like element easily attached to or integrated with an article to be protected. The present invention moreover makes it possible, without resorting to the transmission of large amounts of power, to detect only those articles which are "protected" and to ignore the unprotected articles.

In one of its aspects, the present invention involves the transmission of energy at swept frequencies. That is, energy is transmitted continuously at a checkpoint, but its frequency is shifted cyclically. As a result, a tuned resonant circuit in the presence of this energy will resonate and absorb energy by different amounts during different portions of the frequency shift cycle. Thus irrespective of the total amount of energy absorbed by the circuit, it will produce variations in energy absorption from one portion of the cycle to another. Means are provided to monitor these changes in absorbed energy as opposed to the total amount of energy absorbed. Thus, the sensitivity of the system is made dependent, not upon the total amount of energy absorbed, but rather upon how frequency selective the absorbing object is. The embedded resonant circuits can be made far more frequency selective than the articles they are protecting. Thus even if the articles themselves absorb more energy than do their protecting circuits, the fact that the articles are not as frequency selective as the circuits will prevent them from actuating the alarm. This is because no changes in energy absorption level will take place as the transmitted frequency is shifted.

In another aspect the present invention makes use of the fact that under certain conditions, the electro-magnetic energy fields developed about an antenna can be made to be principally inductive in nature as opposed to radiative. In most prior systems where electro-magnetic energy is to be generated, efforts are expended to lower energy present in the inductive fields which always return to the antenna, and to increase the energy level of the radiative fields which dissociate from and leave the antenna. In the present invention however, the transmitting antenna is arranged and the frequencies are chosen such that the fields developed are primarily inductive or capacitative. Thus the energy developed by the antenna always returns to the antenna. No energy is lost except that which may be absorbed by an article passing through the inductive and/or capacitive field, or which may be dissipated through the production of a secondary off resonance condition by the article. As a result, by measuring the amount of energy which returns to the antenna, a very accurate indiction can be obtained of the amount of energy which became absorbed in an article passing through the field.

There has thus been outlined rather broadly the more important features of the invention in order that the detailed description thereof that follows may be better understood, and in order that the present contribution to

the art may be better appreciated. There are, of course, additional features of the invention that will be described hereinafter and which will form the subject of the claims appended hereto. Those skilled in the art will appreciate that the conception upon which this disclosure is based may readily be utilized as a basis for the designing of other structures for carrying out the several purposes of the invention. It is important, therefore, that the claims be regarded as including such equivalent constructions as do not depart from the spirit and scope of the invention.

A specific embodiment of the invention has been chosen for purposes of illustration and description, and is shown in the accompanying drawings forming a part of the specification, wherein:

FIG. 1 is a diagrammatic and partially pictorial representation of a system which embodies the present invention;

FIG. 2 is an enlarged view of a frequency selective energy absorption device useful in connection with the present invention;

FIG. 3 is a series of waveforms useful in understanding the operation of the present invention;

FIG. 4 is a detailed circuit diagram showing one version of the various components of the system of FIG. 1;

FIG. 5 is a view similar to FIG. 1 but showing an alternate coil arrangement;

FIG. 6 is a view similar to FIG. 1 but showing a different means for generating electromagnetic fields;

FIG. 7 is a perspective view showing an alternate arrangement for protecting an article according to the present invention;

FIG. 8 is a circuit diagram of a portion of the arrangement of FIG. 7; and

FIG. 9 is a diagram of an alternate circuit forming a portion of the arrangement of FIG. 7.

As shown in FIG. 1 there is provided a coil 10 in the vicinity of a checkpoint 12. The checkpoint 12, as shown, may be a doorway or other entrance or exit passage. Particularly good results have been achieved when the coil 10 is wound around the checkpoint 12 as shown so that everything and everybody passing the checkpoint must go through and be surrounded by the coil 10. Secondary coils 12*a* and 12*b* are also placed in the vicinity of the checkpoint 12 with their axes transverse to that of the coil 10. This ensures that the coil fields are such that at least one of them will intercept a planar element passing through the checkpoint no matter what its orientation might be.

The coil 10 receives energizing current from a main oscillator 14. The oscillator 14 is continually shifted in frequency as will be discussed more fully hereinafter. However its center frequency for the illustrative application is in the vicinity of one megacycle. This frequency is chosen in part because of the fact that it may be employed without requiring a special operating license. However this frequency is also advantageous due to the fact that for the size of the antenna used (i.e., about three turns around a doorway), the far greater percentage of magnetic fields produced by currents flowing through the coil, will collapse on the coil when the current is reversed through it. Conversely a relatively small percentage of the energy is lost through radiation. The significance of this is that the energy involved in operating the system is nearly completely controlled and can therefore be monitored more accurately. This contrasts with systems which radiate energy from a checkpoint and then attempt to monitor changes in the energy produced by an object passing through the checkpoint.

FIG. 1 illustrates a man 16 about to pass the checkpoint 10 through the coil 12. The man 16 is wearing a "protected" jacket 18. This jacket has attached to it a wafer 20 (shown in dotted outline) which has an electric circuit printed thereon. The wafer 20 may take the form of a card or label having identification, price and/or size information thereon. The wafer-label is removed or deactivated by a sales clerk when a legitimate sale is made. However, when the wafer is not removed or deactivated, it affects the magnetic field in the vicinity of the coil 10 to produce an alarm signal as will be described.

The oscillator 14 is varied in frequency between about 0.8 and 1.2 megacycles by means of a tuning circuit 22. This frequency shift takes place at about 500 cycles per second and follows a sinusoidal pattern. A frequency control oscillator 24 and an amplifier 26 are provided to achieve this frequency shift in the main oscillator 14.

The signals from the main oscillator 14 are supplied to a junction 28 from which they proceed to the coil 10 and to a first signal detector 30.

The first signal detector 30 monitors the energy level of the signals at the junction 28. This energy level will vary as energy is withdrawn or dissipated out through the coil 10. During normal operation i.e., with no "protected" article in the vicinity of the passageway 12, the energy level at the junction 28 will remain substantially constant, and at a level near the output level of the main oscillator 14. This is because, as indicated above, nearly all of the energy which goes into the establishment of a magnetic field around the coil 10 is recovered as the field collapses back into the coil as the current is reversed. Very little of the energy is lost through radiation.

When a "protected" article bearing a wafer 20 passes through the checkpoint 12 however it absorbs some of the energy in the magnetic field so that not all of the field energy is recovered at the junction 28 as it collapses back into the coil 10. This depletion of energy is sensed by the first signal detector 30.

As will be described more fully, when a "protected" article (i.e., the jacket bearing the wafer 20), moves through the checkpoint 12, the surrounding electromagnetic field is absorbed by the wafer in surges. These surges, as seen by the first signal detector 30, are in the form of negative going pulses. These pulses are passed through an R-F filter 32 which removes the frequency components of the main oscillator 14. The output of the R-F filter 32 is then passed through a 500 cycles per second "notch" filter which removes the 500 cycles frequency components produced by the frequency control oscillator 24. This output is then amplified in a pulse amplifier 36 and passed through a pulse detector 38. The pulse detector 38 is in effect a further filter which responds only to changes in signal level which occur at the rate at which the swept frequency crosses through the resonant frequency spectrum of the wafer 20. As will be seen, this rate is twice the oscillatory rate of the frequency control oscillator 24, or about 1000 times per second. The output of the pulse detector energizes a relay 40 which in turn closes a circuit to actuate an alarm 42.

The wafer 20, which is attached to the jacket 18 or any other article of merchandise to be protected, is made up of a simple electrical circuit which, as shown in FIG. 2, comprises a coil 44 and a capacitor 46 connected to form a resonant loop. The resonant frequency of the loop is chosen to be within the range of frequencies through which the main oscillator 14 is swept. The frequency sensitivity or selectivity of the resonant loop should be such that its range of resonance is substantially less than the sweep range of the main oscillator 14; and preferably, it should be close to the center frequency of the sweep, i.e., about 1 megacycle.

The operation of the above-described system and the manner in which it achieves its improved results can be seen from the curves of FIG. 3. Curve *a* of FIG. 3 represents the output frequency of the main oscillator 14 as it varies in time. This variation, as shown follows a sinusoid pattern but is not so limited as long as it varies cyclically.

The cross hatched band *b* of FIG. 3 represents the resonance range of the coil 44 and capacitor 46 in the wafer 20. As the wafer 20 passes through the passageway 12 it encounters magnetic fields produced by the energization

of the coil 10. These fields vary at a frequency which changes in accordance with curve *a* of FIG. 3. When these frequencies are in the region outside the band *b* of FIG. 3 (the resonance frequency of the coil 44 and capacitor 46 of the wafer), the coil and capacitor exhibit a high impedance and absorb very little energy from the field. However, as the frequency of the field variation moves into the resonance range at a regular rate, the frequency of this variation is set by the frequency control oscillator 24.

The varying frequency output of the main oscillator 14 energizes the coil 10, causing it to produce magnetic fields which vary in the same manner. As stated above, these signals are also supplied to the first signal detector 30. In the absence of metallic object in the vicinity of the coil 10, the impedance presented to the coil 10 remains high so that very little of the magnetic field energy surrounding the coil becomes dissipated. That is, nearly the entire magnetic field collapses back toward the coil 10 each time the current through it is reversed. Because very little energy is dissipated, the amount of energy seen by the first signal detector 30 remains high; and as a result, the output of the detector is as a result, the output of the detector is as shown in curve *b* of FIG. 3.

On the other hand, when a metallic object passes through the checkpoint 12, it tends to absorb energy from the fluctuating magnetic fields, so that the energy seen by the first signal detector 30 decreases substantially as indicated in curve *c* of FIG. 3.

Now the coil 44 and capacitor 46 of the wafer 20 are connected to resonate only at certain frequencies well within the sweep range of the main oscillator 14, as indicated by band *d* in FIG. 3. These changes in resonance conditions represent a change in the impedance value which the circuit exhibits to the cyclically varying magnetic fields from the coil 10. Consequently, when the magnetic fields from the coil 10 vary at a frequency outside the resonant frequency of the wafer circuit, its impedance is relatively high and the energy level sensed by the first signal detector 30 is high. However, as the frequency of the magnetic fields shifts into the resonance region (band *d*) of the wafer circuit, the circuit begins to resonate and to absorb large amounts of energy from the magnetic field. This absorption occurs rather suddenly depending, of course, upon the selectivity or Q of the resonant circuit made up by the coil 44 and capacitor 46. The resulting effect on the first signal detector 30 is illustrated by curve *e* in FIG. 3. It will be noted that the resonant circuit in the wafer 20 produces a series of sharply defined pulses which occur each time the output frequency passes through the resonant range of the wafer circuit. Thus, the pulses are produced at twice the output frequency of the frequency control oscillator 24. These pulses also contain other frequency components, namely the 500 cycle per second component of the frequency control oscillator 24 and the 1 megacycle component of the main oscillator 14. These known components are eliminated or attenuated in the R-F filter 32 and in the 500 cycles per second "notch" filter 34. The resulting pulses then become detected in the pulse detector 38 which in turn activates the relay 40 to turn on the alarm 42.

It will be noted that system will not respond to the passage through the checkpoint 12 of metallic articles even though they may actually absorb more field energy than the wafer circuit 20. This is because most metallic articles do not possess the frequency selectivity of the wafer circuit and their energy absorption properties are such that substantially the same amount of energy is absorbed over the entire frequency sweep range of the main oscillator 14. Thus the signals seen by the first signal detector 30 are rather even as illustrated in the curve *c* of FIG. 3. Since this curve is not punctuated by pulses, the pulse detector 38 will not operate to energize the relay 40.

On the other hand, the resonant circuit of the wafer 20, while not having an especially high power absorption characteristic, nevertheless does possess a sharply defined resonance characteristic; and this operates in conjunction with the shifting main oscillator frequency to absorb power in well defined surges which result in the development of pulses suitable for being detected and for operating the relay 40.

FIG. 4 shows a circuit diagram for the various components of the system of FIG. 1. As shown in FIG. 4, there is provided a power supply circuit 50 which includes a plug 52 for tapping into a conventional AC power supply, a fuse 54 and a main control switch 56. The primary side of a power supply transformer 58 is connected in series with the plug 52, the fuse 54 and the switch 56. The secondary of the transformer 58 is center tapped to ground by means of a lead 60; and its extremities are connected to diagonally opposed junctions of a full wave rectifier circuit 62. The remaining junctions of the rectifier circuit 62 are connected respectively to positive and negative voltage conductors 64 and 66 which supply direct current voltages to the various components of the system. Filter capacitors 68 are connnected between the positive and negative voltage conductors 66 and 64 and ground to smooth out the fluctuations in the DC voltages which occur upon rectification of the applied alternating current.

The frequency control oscillator 24, as shown, takes the form of a conventional R-C tuned oscillator. This oscillator includes an NPN transistor 70 having emitter and collector terminals which are connected respectively to ground and through an output resistor 71 to the positive voltage supply line 64. A frequency control network, made up of a series of capacitors 72 and a pair of shunt connected resistors 74, is arranged in the base circuit of the transistor 70.

The output of the frequency control oscillator 24 is taken from the collector terminal of the transistor 70 and is communicated via an output capacitor 76 through a voltage divider network to the base terminal of an amplifying transistor 72, in the amplifier 26. The voltage divider network comprises a pair of resistors 82 and 84 which are connected between the positive voltage supply line 64 and ground. This voltage divider network serves to maintain a proper bias upon the amplifying transistor 80. The transistor 80 is also of the NPN type, and has its collector and emitter terminals connected respectively between the positive voltage supply line 64 and a ground connected resistor 86.

The main oscillator 14 incorporates an NPN transistor 90 connected to form a transistorized version of the well known Colpitts oscillator circuit. This circuit has a tuning or tank portion formed in part by a coil 92 and a pair of capacitors 94 and 96. These capacitors serve to make up the tuning circuit 22. The first capacitor 94 is actually a variable capacitance semiconductor diode which, for high frequencies exhibits a capacitance which varies with the voltage applied across it. This applied voltage is taken from the emitter terminal of the amplifying transistor 80. Thus the effective capacitance of the diode 94 varies in accordance with the output of the transistor 80. The rate at which this variation in capacitance occurs is thus equal to the output frequency of the control oscillator 24, which, in the illustrative system is set for five hundred cycles per second.

The variation in the capacitance of the element 94 produces a corresponding variation in the resonant frequency of the tank circuit of the main oscillator 14. This in turn causes the main oscillator to shift its output frequency in accordance with these variations. As indicated previously the basic frequency of the main oscillator 14 in the illustrative circuit has been chosen to be one megacycle and the frequency sweep has been chosen to cover 0.1 megacycle on either side thereof.

The coil 92 forms the primary of a transformer 98

whose output is amplified in a further transistor 100 and is then supplied to the junction point 28. As shown, the field coil 10 is connected to the junction point 28 and is energized by the current supplied from the main oscillator 14. The fields of the electromagnetic waves generated in the vicinity of the field coil 10 intercept the wafer 20 when it passes through the checkpoint 12. When this occurs, as indicated previously, the resonant circuit comprising the coil 44 and the capacitor 46 in the wafer 20 resonates and absorbs some of the wave energy during certain selected portions of the frequency sweep undergone by the waves. Because this energy absorption takes place only during selected portions of the frequency sweep, the energy level at the field coil 10 changes abruptly and at particular intervals.

The energy level at the junction point 28 is detected by means of the first signal detector 30 which, as shown, may take the form of a conventional rectifier diode. The detected energy, as would be expected, contains frequency components of both the frequency control oscillator 24 and the main oscillator 14. The RF filter 32 serves to remove most of the components resulting from the main oscillator 14. This filter is known as a *m* derived pi section filter, and it comprises a series connected coil 102 with a pair of shunt connected capacitors 104 on either side thereof, and a shunt connected resistor 106. The output of the RF filter 32 is applied to an amplifying transistor 110 of the PNP variety in the "notch filter" 34. The notch filter also includes a resistor-capacitor network 112 located at the output of the transistor 110. This resistor-capacitor network serves to remove the five hundred cycle components from the rectified signals. The remaining portions of the signals are supplied to the pulse amplifier 36 where they are impressed upon the base terminal of a further amplifying transistor 114. The output of pulse amplifier is supplied to the pulse detector 38 where it passes through a pair of series connected capacitors 116 and 118, a transistor 120, and a pulse transformer 122.

It will be appreciated that the only signals which pass through the various networks to the secondary of the pulse transformer 122 are those signals which fluctuate abruptly at a frequency less than that of the main oscillator 14 and greater than that of the frequency control oscillator 24. As can be seen from the diagram of FIG. 3, signals having such frequency characteristics are those which result from the variations in energy level when the main oscillator 14 output sweeps back and forth across the resonant frequency spectrum of the wafer circuit. The output of the pulse transformer is applied to a two stage transistor amplifier 124 in the relay circuit 40. The output of this amplifier energizes a relay coil 128, and this in turn closes a pair of normally opened contacts 130 which serves to turn on the alarm 42.

A modified arrangement embodying the present invention is shown in FIG. 5. According to this modified arrangement there are provided separate transmitting and receiving coils 130 and 132 on opposite sides, respectively, of a checkpoint 134. A man 136 is shown passing through the checkpoint 134, and carrying with him a book 138 into the binding of which a wafer 140, similar to the wafer 20 of FIG. 2, is affixed. This arrangement is particularly useful for protecting libraries and similar depositories.

The transmitting coil 130 is energized from a transmitting unit 142 which contains the frequency control oscillator 24, the amplifier 26 the tuning circuit 22 and the main oscillator 14 of FIG. 1. The receiving coil 132 on the other hand is connected to a receiving system 144 which contains the first signal detector 30, the RF filter 32, the notch filter 34, the amplifier 36 and the pulse detector 38 of FIG. 1. A relay and alarm unit 146 is connected to the output of the receiving system 144 to be actuated whenever pulses occur from the receiving system at a proper repetition rate.

In the arrangement of FIG. 5, the fields generated at the transmitting coil 130 pass across the checkpoint 134 and are picked up by the receiving coil 132. These fields induce currents of corresponding frequency in the coil 132; and this in turn energizes or actuates the receiving system 144. When the wafer 140 passes between the two coils 130 and 132 it intercepts and absorbs or otherwise diverts the electromagnetic fields which vary at the resonant of tuned frequency of the wafer circuit. By providing for separation of field generating and receiving coils in this manner, a greater distance can be monitored with the system, and hence, the system will accommodate a larger checkpoint.

It will be appreciated that the present invention can be adapted for use in connection with electric as well as magnetic fields. FIG. 6 shows an arrangement whereby use is made of such electric or electrostatic fields in this connection. As shown in FIG. 6, a pair of capacitor plates 150 and 152 are positioned facing each other on opposite sides, respectively, of a checkpoint 154. These plates may be made of wood, plastic plaster or similar backing material with a conductive paint or foil surface formed thereon. A coil 156 is connected across the plates 150 and 152 to form a resonant circuit for impedance matching purposes. The circuit formed by the coil 156 and the capacitive plates 150 and 152, as shown, is connected between ground and the common junction 28. This common junction, as in the case of the embodiment of FIG. 1 is connected to both the main oscillator 14 and the first signal detector 30; and these latter components are connected to the remainder of the system as shown in FIG. 1.

The capacitive plates 150 and 152 become energized by the main oscillator 14 and generate a varying electrostatic field across the checkpoint 154. The energy contained in certain frequency components of the electrostatic field will be absorbed by a resonant circuit tuned to such frequencies when the resonant circuit passes through the checkpoint 154. This selective absorption of energy results in the production of alarm signals as explained in connection with FIGS. 1 and 3.

The effectiveness of the tuned circuit which passes through a checkpoint can be improved by increasing the physical size of its reactive components. FIG. 7 shows such an arrangement in connection with a package or carton. As shown, there is provided a carton 160 within which an article of machinery 162 or other article to be protected is located. Sheets 164 of metal foil, foil tape, or other conductive media are provided along parallel sides of the carton and extend substantially over the entire area of these sides. There is thus formed an enlarged capacitor across the body of the carton 160. The sheets 164 are connected to a miniature tuned circuit 166 located elsewhere in the carton 160. FIGS. 8 and 9 show alternate configurations for the tuned circuit 166. As shown in FIG. 8, the circuit comprises a coil 168 with a ferrite core 170 and a capacitor 172 in parallel with the coil. Leads 174 from across the coil and capacitor extend out to the sheets 164, thus placing the capacitor formed by them in circuit with the coil 168 and capacitor 172. The sheets 164 provide an expansive area for achieving significant amounts of energy absorption, while the coil 168 with its ferrite core 170 provides close control of the resonance frequency of the overall tuned circuit. FIG. 8*b* shows an alternate arrangement where there is provided a coil 176 formed in spiral fashion on a card 178 so that it itself has a relatively large surface area. A capacitor 180 is connected across the coil 176 and leads 182 are provided across the coil 176 and capacitor 180 for connection to the sheets 164.

What is claimed as new and desired to be secured by Letters Patent is:

1. A method of preventing the unauthorized taking of articles of merchandise from an enclosure having at least one limited egress facility, said method including the steps of attaching to individual ones of said articles, a resonant

electrical circuit operable to absorb energy from electromagnetic waves of a given frequency present in the space surrounding said circuit, confining the exit of all articles leaving said enclosure to a path through said limited egress facility, continuously generating electromagnetic waves at said egress facility and causing the frequency of said waves to sweep through a frequency range, including said given frequency at a given repetition rate, receiving electromagnetic waves at said egress facility, filtering from the received waves their frequency components in the vicinity of said frequency range, filtering from the remaining components those components in the vicinity of said repetition rate, detecting the occurrence of pulses in the remaining components, and producing an alarm signal in response to such pulses, thereby indicating the unauthorized taking of articles from said enclosure.

2. A method as in claim 1 wherein said waves are generated by supplying alternating currents to a coil.

3. A method as in claim 2 wherein said frequencies are within a range such that said electromagnetic waves are primarily inductive in nature and radiated energy is minimized.

4. A method as in claim 3 wherein said alternating currents are supplied to a junction and from said junction to said coil, and wherein the energy level changes at said junction are received.

5. A method as in claim 1 wherein said waves are generated by supplying alternating currents to a coil and said monitoring is accomplished by measuring the variations in said currents.

6. A system for detecting the unauthorized removal of articles from an enclosure, said system comprising means defining a limited egress facility from said enclosure, a wave generator arranged to generate electromagnetic waves in the vicinity of said limited egress facility, sweep means arranged in conjunction with said wave generator to shift the frequency of said electromagnetic waves over a given range at a given repetition rate, radio receiver means for receiving electromagnetic wave energy at said egress facility said radio receiver means including first filter means for removing from the received electromagnetic wave energy those components in the vicinity of said given range, further filter means for removing from the remaining components of the received electromagnetic wave energy, those components in the vicinity of said given repetition rate, pulse detector means arranged to detect the presence of pulses in the remaining components, alarm means coupled to the output of said pulse detector means to be actuated thereby, individual resonant electrical circuits positioned on articles within said enclosure, said resonant electrical circuits being operable to resonate and absorb electromagnetic wave energy in the presence of said circuits at a frequency within said given range, whereby said alarm means is actuated whenever articles previously arranged with said resonant electrical circuits are moved past said limited egress facility.

7. Apparatus as in claim 6 wherein said absorption means comprises an enlarged reactive element extending over a large surface area and a smaller electrical circuit connected with said enlarged reactive element to form a resonant electrical circuit.

8. Apparatus as in claim 7 wherein said enlarged reactive element comprises a pair of conductive surfaces mounted in spaced apart facing relationship to form a capacitor.

9. Apparatus as in claim 7 wherein said enlarged reactive element comprises a coil spirally wound on a flat surface.

10. Apparatus as in claim 7 wherein said enlarged reactive element is formed over the surface of a container for accommodating an article to be protected.

11. Apparatus as in claim 6 wherein said radio receiver means includes a further coil separate and disconnected from said first mentioned coil and positioned across said checkpoint from said first coil.

12. Apparatus as in claim 6 wherein said wave generator comprises a reactive circuit including a pair of enlarged conductive surfaces positioned facing each other across said checkpoint to generate electrostatic fields thereacross.

13. Apparatus as in claim 6 wherein said wave generator is constructed to produce electromagnetic waves which are primarily inductive in nature whereby loss of energy through radiation is minimized.

14. Apparatus as in claim 6 wherein said wave generator comprises a tunable oscillator and a coil connected to the output of said oscillator.

15. Apparatus as in claim 14 wherein said sweep means comprises a further oscillator arranged to produce an output which changes the tuning of said tunable oscillator.

16. Apparatus as in claim 14 wherein said sweep means includes means for causing the frequency output of said tunable oscillator to sweep across said given frequency spectrum cyclically at a given repetition rate.

17. Apparatus as in claim 6 wherein said sweep means is constructed to produce a shift in frequency of said generating which is greater than and includes the energy absorption spectrum of said electronic circuit.

18. Apparatus as in claim 15 wherein said tunable oscillator is formed with a tank circuit including therein a voltage controllable variable capacitance element and wherein said further oscillator is constructed to produce a voltage output across said variable capacitance element.

19. Apparatus as in claim 6 wherein said electronic circuit comprises a coil and a capacitor connected to form a resonant loop.

20. Apparatus as in claim 19 wherein said coil and capacitor are embedded in a wafer-like holder.

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JOHN W. CALDWELL, Primary Examiner

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U.S. Cl. X.R.

340—280

ELECTRONIC AND RADIO ENGINEERING

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FOURTH EDITION

1960

supplying plate voltage to Class B amplifiers. Inductance-input systems are always employed in polyphase rectifier systems.

20-6. Filters. Figure 20-12 gives typical examples of filters that are placed between the rectifier output and the load impedance for the purpose of making the current delivered to the load substantially pure direct current in spite of the alternating components contained in the voltage applied by the rectifier to the filter input. These filters are made up of series impedances (either inductances or resistances) that oppose the flow of alternating current from the rectifier output to the load, and shunt

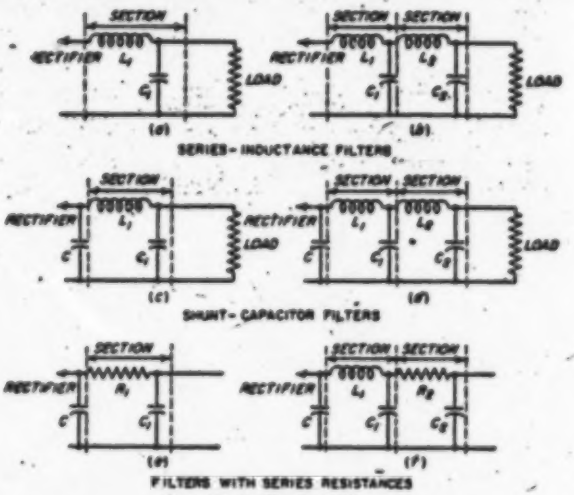
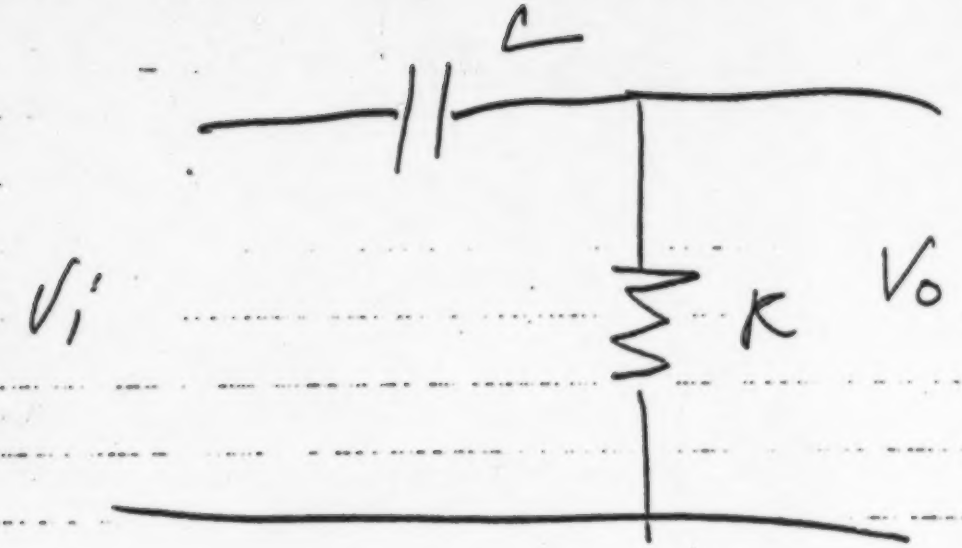


FIG. 20-12. Typical filters.

capacitors that by-pass the alternating currents that succeed in flowing through the series impedances.

For purposes of discussion and analysis, filters are ordinarily divided into sections, each of which consists of a series impedance followed by a shunt capacitor, as indicated in Fig. 20-12. It will be noted that in this classification the inductance in an inductance-input system is considered to be part of the first section of the filter. However, a shunt capacitance across the rectifier output is not included as part of a filter section, but rather is considered to be part of the rectifier system, which delivers to the first filter section a voltage corresponding to the voltage developed by the rectifier across the input capacitor.

Voltage and Current Relations in Filters. The input voltage to the filter is whatever output voltage is developed by the rectifier connection in the case of inductance-input systems, or is the voltage developed across the shunt capacitor in the case of capacitor-input systems. The ripple



checkpoint (Novikoff)
Deft. Exh. For ID ....26.....
Plf. Exh. In Ev .....
Robert E. Levy CSR
Doyle Reporting Inc. 3/19/21

Airborne Instruments Laboratory
A DIVISION OF CUTLER-HAMMER INC.

Checkpoint (Novikoff) #2
Fwl.D. 319181 ED

EMPLOYEE'S AGREEMENT TO ASSIGN INVENTIONS

In consideration of my employment by CUTLER-HAMMER, INC. (herein called "the Company") so long as mutually agreeable to the Company and myself, and without further consideration, I HEREBY AGREE:

That throughout my employment, I will prepare and keep available a detailed record of all ideas, conceptions, designs, constructions and tests in which I participate, or I will make certain that some other person taking part in this work is doing so;

That I will promptly communicate to the designated representative of the Company all inventions which, during my employment, I conceive or work upon, either solely or jointly with another, (1) relating directly or indirectly to the Company's business at the time when I conceive or work upon the same, or (2) with the use of the Company's time, material or facilities;

That I will upon request, whether during or after the term of my employment, assign to the Company all my rights, title and interest to said inventions;

That I will upon request, whether during or after the term of my employment, execute, acknowledge and deliver to the Company all such applications for patent, assignments and other documents as may be desired by the Company to obtain patents for said inventions in any or all countries and to vest title thereto in the Company; and will assist the Company (at the Company's expense) in every proper way to determine and prove all facts relative to said inventions;

That I will make no claim for pecuniary award under the provisions of the Atomic Energy Act with respect to any invention or discovery made in the course of work called for under any contract entered into by the Company and governed by the provisions of said Act;

That I will not, except as required in the Company's business or as authorized in writing on behalf of the Company, disclose, during or after the term of my employment, any confidential knowledge concerning any matter relating to the Company's business which I may acquire in the course of my employment;

That at the termination of my employment I will deliver to the Company all records of said inventions, discoveries, ideas, conceptions, designs, constructions and tests which I may then possess and will execute a "Certificate Upon Termination of Employment" whereof a copy is hereto attached; and

That I will promptly notify the Company if and when, during the term of my employment, I file any patent applications covering inventions which I deem to fall outside the terms of this agreement and will advise the Company of the nature of such inventions.

(delete one clause)

~~I have not disclosed to the Company any unpatented inventions which I conceived or worked upon prior to my employment by the Company.~~

As a matter of record, to avoid future misunderstandings, I attach hereto a list of unpatented inventions, which I have conceived or worked upon prior to my employment by the Company.

SIGNATURE _____ DATE _____

WITNESS _____

(Rev. June 1958)

AIRBORNE INSTRUMENTS LABORATORY, INC.

EMPLOYEE'S AGREEMENT TO ASSIGN INVENTIONS

In consideration of my employment by AIRBORNE INSTRUMENTS LABORATORY, INC. (herein called "the Company") so long as mutually agreeable to the Company and myself, and without further consideration, I HEREBY AGREE:

That throughout my employment I will prepare and keep available a detailed record of all ideas, conceptions, designs, constructions and tests in which I participate, or I will make certain that some other person taking part in this work is doing so;

That I will promptly communicate to the designated representative of the Company all inventions which, during my employment, I have conceived or worked upon or may hereafter conceive or work upon, either solely or jointly with another, (1) relating directly or indirectly to the Company's business at the time when I conceived or worked upon the same, or (2) with the use of the Company's time, material or facilities;

That I will upon request, whether during or after the term of my employment, assign to the Company all my rights, title and interest to said inventions;

That I will upon request, whether during or after the term of my employment, execute, acknowledge and deliver to the Company all such applications for patent, assignments and other documents as may be desired by the Company to obtain patents for said inventions in any or all countries and to vest title thereto in the Company; and will assist the Company (at the Company's expense) in every proper way to determine and prove all facts relative to said inventions;

That I will not, except as required in the Company's business or as authorized in writing on behalf of the Company, disclose, during or after the term of my employment, any confidential knowledge concerning any matter relating to the Company's business which I may acquire in the course of my employment;

That at the termination of my employment I will deliver to the Company all records of said inventions, discoveries, ideas, conceptions, designs, constructions and tests which I may then possess and will execute a "Certificate upon Termination of Employment" whereof a copy is hereto attached; and

That I will promptly notify the Company if and when, during the term of my employment, I file any patent applications covering inventions which I deem to fall outside of the terms of this agreement and will advise the Company of the nature of such inventions.

As a matter of record, to avoid future misunderstandings, I attached hereto a list* of inventions, patented or unpatented, which I have conceived or worked upon prior to my employment by the Company.

WITNESS_____ SIGNATURE_____ DATE_____

* If no list is attached, please line out the above paragraph and have signatory initial here _____.

WITNESSETH, THAT WHEREAS THE EMPLOYEE HAS ENTERED INTO AN AGREEMENT WITH AIRBORNE INSTRUMENTS LABORATORY, INC. AND WHEREAS SUCH AGREEMENT IS REQUIRED BY THE PROVISIONS OF SAID ACT.

Opposition

No. 81-759

Office - Supreme Court, U.S.
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ALEXANDER L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

October Term, 1981

CHECKPOINT SYSTEMS, INC.,

Petitioner,

v.

KNOGO CORPORATION,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI

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Designation of Corporate Relationships

The Knogo Corporation, filing this Brief in Opposition to the Petition for a Writ of Certiorari as Respondent in this proceeding, states that:

This is its original Designation of Corporate Relationships.

The Knogo Corporation is not owned by any parent corporation.

The Knogo Corporation does not have an ownership interest in any subsidiaries (excepting wholly-owned subsidiaries).

The Knogo Corporation does not have any affiliates.

No. 81-759

IN THE

Supreme Court of the United States

October Term, 1981

CHECKPOINT SYSTEMS, INC.,

Petitioner,

v.

KNOGO CORPORATION,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO THE PETITION FOR A WRIT OF CERTIORARI

Introductory Statement

The filing of the Petition herein arises solely out of the Petitioner's dissatisfaction with a decision and order of the Court of Claims in the case of *Knogo* v. *The United States and Checkpoint Systems, Inc., Third-Party Defendant,* accepting a stipulation between Respondent and The United States, dismissing such action with prejudice and denying Petitioner's request for an award of its alleged attorney fees. (R.App. 1a-9a).*

* All references herein to the Appendix to Respondent's Brief are designated "R.App."; references to the Petition are designated "P." and references to the Appendix to the Petition are designated "App.".

The Petitioner has presented to this Court the same factual and legal arguments which it had urged unsuccessfully below. The Petition, which arises out of an action in the Court of Claims, now merely involves a monetary dispute between private litigants. The Petition should therefore be denied for the reasons that:

(1) There is no conflict between the decision of the Court of Claims in the present action and other decisions of the Court of Claims or other federal courts;

(2) The question of federal law purportedly posed by the Petition is frivolous;

(3) There is no constitutional issue involved in this litigation;

(4) None of the other reasons set forth in Rule 17 of this Court for the granting of a Writ of Certiorari is present in this case; and

(5) Petitioner lacks standing under 28 U.S.C. §1255.

Counter-Statement of the Case

Petitioner's "Statement of the Case" is an incomplete and incorrect statement of the essential facts in the action below, coupled with arguments which are without merit and which will be answered hereinafter. Hence the following counter-statement is deemed necessary.

Respondent, Knogo, brought its action in the Court of Claims under *28 USC §1498* for reasonable and entire compensation for use by the Government of two theft detection systems (contract price $38,000) covered by Respondent's

U.S. Patent No. 3,500,373.* Those Government installations were regarded by Respondent as highly-visible violations of Respondent's patent rights.

Petitioner, Checkpoint, had supplied the infringing theft detection systems to the Government; and accordingly, the Government notified Petitioner, pursuant to Rule 41(c) and 41 U.S.C. §114(b), that it could appear in the action "if it so desires". (R.App. 10a-11a). Petitioner elected to intervene in the Court of Claims action although it was not compelled to do so.** Contrary to Petitioner's contention (P. 7), no holding by the Court of Claims would have resulted in an estoppel against Petitioner in a later case against it by Respondent, absent Petitioner's appearance or control of the defense below. *I.T.S. Rubber Co.* v. *Essex Rubber Co.*, 272 U.S. 429 (1926). At most, Petitioner would have had to indemnify the Government for any reasonable compensation awarded to Respondent for use of the two theft-detection systems which were the subject of Petitioner's $38,000 contract. (R.App. 11a).

Upon Petitioner's entry into the case, the parties proceeded with discovery which extended well over eighteen months and in fact had not been completed at the time the action was dismissed. In view of the unexpectedly large expenses incurred by Respondent as a result of Petitioner's intervention and tactical discovery maneuvers in the litigation (including unsuccessful interlocutory appeals), Re-

* Respondent Knogo and Petitioner Checkpoint are just two of a number of companies in the theft detection field which includes such giants as Minnesota Mining and Mfg. Co. (3M).

** Petitioner at that time could have instituted its own declaratory judgment action in an appropriate federal court but chose instead to ride the back of the Government's defenses in this case.

spondent decided to discontinue its action against the Government since only a limited recovery was possible. Respondent, therefore, entered into successful settlement negotiations with the Government.*

Although Respondent's settlement with the Government absolved Petitioner of liability for the systems it had supplied to the Government, Respondent nevertheless offered Petitioner the same settlement conditions as those accepted by the Government. (R.App. 19a). Petitioner, however, insisted upon attempting to extract from Respondent $160,000 to $175,000 as its alleged expenses and "attorney fees" (on a contract whose total purchase price only amounted to $38,000) as a condition for its agreement to dismissal. Respondent refused to pay such an unconscionable sum.

Thereafter, Respondent and the Government concluded their settlement negotiations and counsel for the Government advised the Trial Judge on *March 27, 1981* that it had accepted Respondent's proposal for settlement. (R.App. 12a). Nonetheless, on *April 16, 1981,* Petitioner moved for leave to amend its answer and counterclaim in order to add, for the *first* time, allegations of inequitable conduct by Respondent in the procurement of the patent in suit. (R.App. 13a-15a). This motion was never granted, and the case was dismissed, without any pleading, joinder of issue, trial or judicial determination of the "fraud" now assumed as a fact by Petitioner. In short, the only "fraud" in this

* As part of the dismissal, Respondent paid the Government $15,000 for costs and out-of-pocket expenses. Contrary to Petitioner's contention (P. 4), this was not unprecedented, according to the Government.

case is contained in unfounded allegations set forth in Petitioner's present Petition and in its motion in opposition to dismissal of the case before the Court of Claims, which form the bootstrap basis for its claim to attorney fees.*

Immediately thereafter, on April 17, 1971, Petitioner, making virtually the same arguments it now makes in its Petition before this Court, moved before the Court of Claims to preclude entry of the stipulation of dismissal between Respondent and the Government unless Petitioner was granted its alleged attorney fees.

On July 29, 1981, the Court of Claims, in a comprehensive and soundly-based opinion, denied Petitioner's motion and, contrary to Petitioner's allegation (P. 4), dismissed the case with prejudice pursuant to the stipulation between Respondent and the Government. It likewise denied Petitioner's claim for any attorney fees. (R.App. 1a-9a).

ARGUMENT

I

As the Court of Claims properly found, the plain language of 28 U.S.C. §2412 precludes an award of attorney fees to Petitioner.

At the outset, Petitioner ignores the fundamental fact that the Court of Claims is a court whose jurisdiction is limited to money claims against the United States Govern-

* With respect to the amount of attorney fees expended by Petitioner Checkpoint, the documents produced by Checkpoint established that Checkpoint itself was indemnified as to this action and was not liable for any costs, including attorney fees. (R.App. 27a).

ment. *United States* v. *King*, 395 U.S. 1 (1968). Its jurisdiction cannot be expanded beyond the bounds established by Congress. *Soriano* v. *United States*, 352 U.S. 270, 273 (1957); *Carney* v. *United States*, 462 F.2d 1142, 1144 (Ct.Cl. 1972). The Court of Claims does not have jurisdiction to render declaratory judgments (*United States* v. *King*, *supra*); nor does it have jurisdiction over counterclaims alleged by a third-party defendant against the private plaintiff even when it involves the same transaction which forms the basis for the suit against the Government. *Rolls-Royce Limited, Derby, England* v. *United States*, 364 F.2d 415 (Ct.Cl. 1966). Petitioner, when it chose to become a third-party defendant in the Court of Claims action, did so with the full knowledge, actual or constructive, of that court's limited jurisdiction.

The sole remedy provided by Congress for infringement of patents by the United States is set forth in 28 U.S.C. §1498(a). (R.App. 31a-32a). There is no statutory authority for patent suits against the United States contained in Title 35 of the United States Code. Thus, Petitioner's arguments based upon the provisions of Section 285 of Title 35 are inapposite. *Leesona Corp.* v. *United States*, 599 F.2d 958 (Ct.Cl.), *cert. denied*, 444 U.S. 991 (1979).

When the United States is a party, as in the case at bar, awardable costs are governed exclusively by the provisions of 28 U.S.C. §2412. (R.App. 32a-33a). As the Court of Claims noted in its decision (R.App. 7a):

> The statute, 28 U.S.C. §2412, prohibits the award of attorney fees and expenses in any civil action brought by or against the United States. By its terms, the statute would seem to apply to the instant case. Checkpoint argues that the policy behind section 2412 does

> not prevent the award of attorney fees and expenses as between private parties in cases to which the United States is a party. It is true that the purpose behind the enactment of section 2412 was only to make equitable the award of costs as between the United States and a private party. S. Rep. No. 1329, 89th Cong., 2d Sess. (1966), reprinted in [1966] U.S. Code Cong. & Ad. News 2527-31. Nevertheless, we believe the statute bars the award of attorney fees and expenses here.

Petitioner has shown no reversible error in that holding.

The Court of Claims has consistently refused to award attorney fees to prevailing parties in accordance with the mandate of 28 U.S.C. §2412. *Calhoun* v. *United States*, 453 F.2d 1385 (Ct.Cl. 1972); *J.E. Robertson Co.* v. *United States*, 437 F.2d 1360 (Ct.Cl. 1971); *Regent Jack Mfg. Co.* v. *United States*, 292 F.2d 868 (Ct.Cl. 1961); *Piggly Wiggly Corp.* v. *United States*, 81 F. Supp. 819 (Ct.Cl. 1949). Despite this fact and despite the plain language of the statute, Petitioner argues that, as a third-party defendant, which with full knowledge, opted into this litigation, it is somehow in a more favorable position than either of the original parties to the action in the Court of Claims and thus the mandate of 28 U.S.C. §2412 as to attorney fees does not apply to it. Nothing in law or logic supports such conclusion.*

On this point, the Court below stated (R.App. 8a-9a):

> What we find truly dispositive, however, is the inconsistency Checkpoint's interpretation would produce. Under Checkpoint's view, a plaintiff would be potentially liable for attorney fees and expenses if it sued the United States and a third party participated, but

* Moreover, as the Court of Claims noted, there has been no determination that Petitioner has "prevailed", as required by 35 U.S.C. §285. (R.App. 6a-7a).

> not if there were no third party. We do not believe such uncertainty should exist. There should be a single rule to give potential plaintiffs fair warning of their potential liability. That rule must be that there shall be no liability for attorney fees and expenses in suits against the United States under existing law as applicable to this motion. That rule is compatible with both the language and purpose of the present statute.

Petitioner has shown no error in that ruling nor has it cited any contrary decisional authority. Instead Petitioner conjures up some illusory issues regarding "preemption" in an attempt to attack the decision of the Court of Claims and bolster its own groundless claim for attorney fees.*

Petitioner relies upon several cases between private parties involving award of attorney fees under 35 U.S.C. §285 as support for its position (P. 7-8). Petitioner conveniently ignores the fact that (1) those cases did not involve a claim against the United States which is controlled by 28 U.S.C. §2412 and, more fundamentally, (2) those cases all involved a *judicial* determination after trial of fraud or inequitable conduct. By contrast, all we have here is Petitioner's unfounded and unproven allegations. Under similar circumstances, even between private litigants, Petitioner could not expect to be awarded attorney fees under 35 U.S.C. §285. *Larchmont Engineering, Inc.* v. *Toggenburg Ski Center, Inc.*, 444 F.2d 490 (2d Cir. 1971).

Accordingly, no reason has been presented warranting the granting of the Petition for a Writ of Certiorari.

---

* Petitioner's argument regarding a court's inherent power (P. 8) or the preemption of Rule 102(a)(2) by 28 U.S.C. §2412 (P. 7) are wholly specious. Neither the Court of Claims nor any court can, on its own, enlarge the rights of litigants appearing before it so as to permit recovery of attorney fees where they are specifically prohibited by statute. *See Rolls-Royce Ltd., supra* at 419.

II

Petitioner Checkpoint lacks standing before this Court.

Petitions to the Supreme Court from cases in the Court of Claims are governed by 28 U.S.C. §1255 which permits review by this Court upon petition of (1) the United States; (2) the claimant or (3) by certification of any question of law by the Court of Claims. (R.App. 31a).

Petitioner, as a third-party defendant below, is not a "claimant". It has no claim against the United States nor does the Court of Claims have jurisdiction of Petitioner's counterclaims against Respondent under the Declaratory Judgment Act. (R.App. 6a). Certainly Petitioner does not represent the United States here. In like manner, the Court of Claims has certified no question of law for review. Accordingly, from the plain language of 28 U.S.C. §1255, Petitioner lacks standing, and in view thereof, the Petition should be denied.

Conclusion

For the reasons stated, and under the authorities cited, the Petition is without merit and the Petitioner lacks standing. Therefore, the Petition should be denied.

Respectfully submitted,

LAWRENCE F. SCINTO
277 Park Avenue
New York, New York 10172
Attorney for Respondent

FITZPATRICK, CELLA, HARPER & SCINTO
WILLIAM J. BRUNET
FRANCES H. WEBER
Of Counsel

APPENDICES

Appendix A

Opinion

IN THE

UNITED STATES COURT OF CLAIMS

No. 194-79C

KNOGO CORPORATION

v.

THE UNITED STATES

AND CHECKPOINT SYSTEMS, INC.,

Third-Party Defendant.

(Decided July 29, 1981)

Walter Pozen, attorney of record, for plaintiff. Stroock & Stroock & Lavan, Lawrence F. Scinto, William J. Brunet, Fitzpatrick, Cella, Harper & Scinto, of counsel.

William O. Geny, with whom was Acting Assistant Attorney General Thomas S. Martin, for defendant, Vito J. DiPietro, of counsel.

Stanley M. Schurgin, attorney for third-party defendant. Glen E. Books, Paul J. Hayes, Weingarten, Maxham & Schurgin, of counsel.

Before

NICHOLS, BENNETT, and SMITH, Judges.

Appendix A

BENNETT, Judge, delivered the opinion of the court:

The court is presented here with a procedural snarl not uncommon in patent cases but unique on its facts in this instance. Plaintiff, Knogo Corporation, with the signed consent of defendant, filed a stipulation on April 17, 1981, under Rule 102(a)(1)(ii) to dismiss this action with prejudice. It is not stated in the stipulation but it is an uncontested fact that the stipulation results from a settlement agreement between Knogo and the United States pursuant to which Knogo agrees to pay defendant its costs and attorney fees in the amount of $15,000. The issue now is whether the court should approve this stipulation to dismiss or allow the motion by the third-party defendant, Checkpoint Systems, Inc. (Checkpoint), for an order precluding entry of dismissal pursuant to the stipulation. We think the case should be dismissed, as stipulated.

This case arose as an action against defendant United States to receive reasonable compensation for alleged unauthorized use by defendant of two electronic antitheft detection systems purchased by defendant and installed in the United States Patent and Trademark Office by Checkpoint, Inc. Knogo claimed that this was an infringement of its own patent, No. 3,500,373. Defendant noticed Checkpoint under Rule 41, requesting that its supplier appear as a third-party defendant because Checkpoint's agreement with defendant contained an indemnification clause. Checkpoint did enter the case and the parties have engaged in pretrial discovery. For many years the two companies have been arch business competitors and Knogo has suits

pending against Checkpoint in patent disputes in other nations. It was Knogo's view that Checkpoint's contract with the Patent Office was a prestigious major account and that a suit against its most visible customer would be advantageous, especially if it forced recognition of infringement of the Knogo patent.

Checkpoint's motion opposes allowances of dismissal based on the stipulation unless Knogo agrees to pay Checkpoint's litigation expenses and attorney fees (alleged to be between $160,400 and $175,000) in the same proportion as Knogo has agreed to pay defendant's expenses. Knogo, of course, refuses to pay. Checkpoint bases its objection to dismissal on the rule cited above which provides that plaintiff may dismiss by order of the court "by filing a stipulation of dismissal signed by the adverse par*ties.*" (Emphasis added.) Since Checkpoint is a third-party defendant and refuses to sign, it believes the dismissal must be aborted unless its conditions are met, citing *Wheeler v. American Home Products Corp. (Boyle-Midway Div.)*, 563 F.2d 1233 (5th Cir. 1977), a case arising under Fed.R.Civ.P. 41(a)(1)(ii). We think that case is distinguishable. In that matter, a discrimination suit was brought by certain employees against an employer and a labor union. Certain other employees intervened as plaintiffs. Later, the original plaintiffs settled with the defendants and then sought dismissal of the case with prejudice over the objection of the intervenors who were excluded from the monetary settlement and wished to pursue injunctive relief. The district court allowed dismissal and the court of appeals reversed. The court of appeals held that Fed.R.Civ.P.

41(a)(1)(ii), which provides for dismissal pursuant to stipulation, was inapplicable since the intervenors had not signed the settlement agreement. There the court was protecting the rights of the intervenors who wished to pursue a claim cognizable on its merits in the district court. In this case, Checkpoint can pursue no claim on the merits against Knogo since we have no jurisdiction over merits claims between private parties, as opposed to claims for costs and attorney fees and expenses in restricted circumstances. *United States v. Sherwood*, 312 U.S. 584 (1941); *Berdick v. United States*, 222 Ct. Cl. ——, 612 F.2d 533 (1979); *Rolls-Royce Ltd. v. United States*, 176 Ct. Cl. 694, 364 F.2d 415 (1966); *National City Bank v. United States*, 143 Ct. Cl. 154, 163 F.Supp. 846 (1958).

In any event, Ct. Cl. Rule 102(a)(2) permits the court to dismiss at plaintiff's instance without a stipulation between the parties, as Checkpoint concedes. We choose to do so. It is proper in this instance because the case has not yet gone to trial, and we see nothing to indicate that justice would require any further proceedings now that there is no controversy involving a claim against the United States. *Cf. Somali Development Bank v. United States*, 205 Ct. Cl. 741, 508 F.2d 817 (1974); *Mulholland v. United States*, 175 Ct. Cl. 832, 361 F.2d 237 (1966) (cases holding that we have no jurisdiction over a government counterclaim once it is found there is no jurisdiction over plaintiff's claim).

While the petition is to be dismissed at this point, this does not entirely dispose of the present motion. Ct. Cl. Rule 102(a)(2) permits the court to dismiss "upon such terms and conditions as the court deems proper." Check-

point argues that dismissal would not be proper unless Checkpoint's expenses and attorney fees are paid by Knogo, as aforesaid. This reveals the motion to be what it is in essence and effect: a motion for the award of costs and attorney fees and expenses. We have some uncertain leeway to consider disputes between private parties as to such claims. *Compare Pottawatomie Tribe v. United States,* Ct. Cl. No. 15-E (order entered May 22, 1981), with *Hannahville Indian Community v. United States,* Ct. Cl. No. 29-L (order entered August 24, 1979), and *Sisseton & Wahpeton Bands v. United States,* 191 Ct. Cl. 459, 469, 423 F.2d 1386, 1391 (1970).

We first consider costs, although we note that it is not quite clear whether and to what extent Checkpoint is claiming costs. The pertinent statute, 28 U.S.C. 2412 (1976) (amended 1980), permits the award of costs in civil actions brought by or against the United States. However, it is a matter for the court's discretion, and the court's historic practice has been not to award costs to any party. *Aparacor, Inc. v. United States,* 215 Ct. Cl. 596, 607, 571 F.2d 552, 558 (1978); *Rasmussen v. United States,* 211 Ct. Cl. 260, 275 n.20, 543 F.2d 134, 142 n.20 (1976); *SCM Corp. v. United States,* 211 Ct. Cl. 309 (1976). *See Weather Eng'r Corp. v. United States,* 206 Ct. Cl. 842 (1975); *Weather Eng'r Corp. v. United States,* 206 Ct. Cl. 882 (1975). We see no reason to make an exception to our practice in this case.

The question of attorney fees and expenses presents a more difficult problem. Checkpoint asserts that 35 U.S.C.

285 (1976) permits the award of attorney fees in patent cases. That statute reads:

> The Court in exceptional cases may award reasonable attorney fees to the prevailing party.

Checkpoint has made untried allegations that plaintiff obtained its patent by fraud on the Patent Office and argues that if this is true it would make this case exceptional within the meaning of the statute, citing *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*, 407 F.2d 288 (9th Cir. 1969). Plaintiff counters that 28 U.S.C. 2412 prohibits the award of attorney fees and expenses in any civil action brought by or against the United States, and hence creates an exception to 35 U.S.C. 285 here. Checkpoint's response is that 28 U.S.C. 2412 does not apply to an award of attorney fees and expenses against a private party in favor of another private party.

Turning to 35 U.S.C. 285, we see a problem as to whether Checkpoint is a "prevailing party" within the meaning of the statute quoted above. Plaintiff asserts a claim against the United States and Checkpoint appears in this case as an indemnitor of the Government. Plaintiff asserts no claim against Checkpoint. Checkpoint does assert a counterclaim against plaintiff. However, it may be disregarded as it is for relief pursuant to the Declaratory Judgment Act, 28 U.S.C. 2201, 2202 (1976), under which this court has no authority applicable here. *United States v. King*, 395 U.S. 1 (1969); *Shippen v. United States*, Ct. Cl. No. 281-79C (slip opinion of June 17, 1981). Hence, there is technically no controversy between Checkpoint and plaintiff in which Checkpoint could prevail. If the counterclaim is

considered such a controversy, Checkpoint has lost, not prevailed. The parties have not considered this point. However, presumably the argument would be made that practical substance rather than technical form should control in applying the statute, and the practical substance here is that plaintiff and Checkpoint are adverse parties on the merits of plaintiff's claim against the United States and that Checkpoint has prevailed since plaintiff's claim will be dismissed with prejudice. Since the parties have not addressed the issue, we prefer to rest our decision on another ground.

The statute, 28 U.S.C. 2412, prohibits the award of attorney fees and expenses in any civil action brought by or against the United States.[1] By its terms, the statute would seem to apply to the instant case. Checkpoint argues that the policy behind section 2412 does not prevent the award of attorney fees and expenses as between private parties in cases to which the United States is a party. It is true that the purpose behind the enactment of section 2412 was only to make equitable the award of costs as between the United States and a private party. S. Rep. No. 1329, 89th Cong., 2d Sess. (1966), reprinted in [1966] U.S. Code Cong. & AD. News 2527-31. Nevertheless, we believe the statute bars the award of attorney fees and expenses here.[2]

1. The Equal Access to Justice Act, Publ. L. No. 96-481, 204, 94 Stat. 2325 (1980), amends 28 U.S.C. 2412 to allow for the recovery of attorney fees and expenses in certain cases, but the amendment is not effective until October 1, 1981.

2. As a consequence, we find it unnecessary to reach the issue of fraud and plaintiff's assertion that the fees and costs claimed by Checkpoint are unsubstantiated.

Appendix A

We note first the difficulty in allocation that Checkpoint's interpretation would create. That is, were it not that the defendant here was the United States, a prevailing third-party defendant would seek attorney fees and expenses from the plaintiff, if he could get them, but also from the defendant. Checkpoint's attempt to recover solely from plaintiff is an attempt to shift to plaintiff costs that would be borne partly, if not entirely, by the defendant, but which it cannot bear here since it is the United States. While perhaps some allocation could be made between expenses the plaintiff should bear and those the defendant would bear, the difficulties with this can be seen in the instant case: all that has been contested is defendant's liability to plaintiff and no issues have been litigated which strictly go to Checkpoint's liability to defendant. Litigation on the latter issues could easily be allocated to defendant. A method for allocating the expenses on the former issues is not immediately apparent.

What we find truly dispositive, however, is the inconsistency Checkpoint's interpretation would produce. Under Checkpoint's view, a plaintiff would be potentially liable for attorney fees and expenses if it sued the United States and a third party participated, but not if there were no third party. We do not believe such uncertainty should exist. There should be a single rule to give potential plaintiffs fair warning of their potential liability. That rule must be that there shall be no liability for attorney fees and expenses in suits against the United States under existing law as applicable to this motion. That rule is compatible with both the language and purpose of the

present statute. Checkpoint's interpretation is flawed in that it must ignore the statutory language. Checkpoint may argue that there is no uncertainty in the instant case, that Knogo brought this case as an attack against Checkpoint, using the United States as merely a nominal defendant and knowing full well that Checkpoint would participate. For such an argument to succeed, the statute would have to be applied on a case-by-case basis. We believe the statute is best applied as a single, certain rule, rather than on a case-by-case basis. We note further that the United States is not merely a nominal defendant here. It is not judgment-proof, and it participates actively with its own counsel. The practical substance of the role of the United States in these cases will vary from case to case, and we do not believe a workable rule could be made which would take into consideration the subtle variations in the substance of its role. In sum, we hold that 28 U.S.C. 2412 bars the attorney fees and expenses Checkpoint seeks.

Upon consideration of the third-party defendant's motion for an order precluding entry of dismissal pursuant to the stipulation for dismissal entered into by plaintiff and defendant United States and filed on April 17, 1981, the response thereto, and other papers submitted to the court in connection with this issue, it is concluded, without oral argument, that the motion should be and is denied. The stipulation is accepted and the petition is dismissed with prejudice. Checkpoint's counterclaim is dismissed. All other pending procedural motions by the parties are mooted.

Appendix A

Motion for Notice to Third Party Under Rule 41

IN THE

UNITED STATES COURT OF CLAIMS

No. 194-79 C

KNOGO CORPORATION,

Plaintiff,

v.

UNITED STATES,

Defendant.

Now comes the defendant, by its Assistant Attorney General, and moves the Court to issue a notice in accordance with the provisions of Rule 41(c) and 41 U.S.C. §114 (b) to:

Checkpoint Systems, Inc.
110 East Gloucester Pike
Barrington, New Jersey 08001

to appear as party to this suit, if it so desires, and assert any interest it may have therein.

STATEMENT IN SUPPORT OF MOTION

Plaintiff, in the petition filed May 11, 1979, alleges that the defendant has had manufactured for it, and has used, electronic theft detection apparatus described in and covered by United States Patent No. 3,500,373 (Petition, paragraph 4). The accused equipment was procured from

Appendix A

Checkpoint Systems, Inc. (hereinafter "Checkpoint") under GSA Contract No. GS-00S-06787. Based on information and belief, a patent indemnity clause appears in the above-identified contract wherein Checkpoint has agreed to indemnify the Government against liability for infringement of any United States letters patent.

Since Checkpoint appears to have an interest in the subject matter of this litigation, and since any judgment against the United States will affect Checkpoint's interest at least under the terms of the patent indemnity clause appearing in the above contract, it is believed that Checkpoint should be given an opportunity to make an appearance in this case, if it so desires, or forever be barred from doing so. *Bowser* v. *United States*, 190 Ct. Cl. 441, 420 F.2d 1057, 164 U.S.P.Q. 460 (1970); *Carrier Corp.* v. *United States*, 209 Ct. Cl. 267, 269, 534 F.2d 250, 251, 194 U.S.P.Q. 82, 83 (1976).

Plaintiff's counsel has authorized defendant's counsel to state that plaintiff has no objection to this motion.

For the reasons set forth above, defendant respectfully requests that this motion be granted.

Respectfully submitted,

STUART E. SCHIFFER
Acting Assistant Attorney General

WILLIAM O. GENY
Attorney, Department of Justice

OF COUNSEL

Vito J. DiPietro
Attorney, Department of Justice

July 2, 1979

Appendix A

Letter

VOD:HB:jms
154-194-79C

Telephone:
724-7280

March 27, 1981

Honorable Joseph V. Colaianni
Trial Judge
United States Court of Claims
717 Madison Place, N.W.
Washington, D.C. 20015

Re: Knogo Corporation v. United States
Ct. Cl. No. 194-79 C

Dear Judge Colaianni:

This is to advise you that we have received a proposal from the plaintiff to dispose of the above litigation. We have decided to accept the proposal made by plaintiff and have mailed our acceptance today.

The appropriate papers will be filed as soon as they can be executed.

Very truly yours,

HARRY E. BARLOW, Attorney
Commercial Litigation Branch
Civil Division

cc: Walter Pozen, Attorney for
Plaintiff, Knogo

Stanley M. Schurgin, Attorney for
Third-Party, Checkpoint

Appendix A

Motion of Third-Party Defendant Checkpoint Pursuant to Rule 39(a) for Leave to Amend Its Answer and Counterclaim

IN THE

UNITED STATES COURT OF CLAIMS

No. 194-79C

Judge Joseph V. Colaianni

KNOGO CORPORATION,

Plaintiff,

v.

THE UNITED STATES,

Defendant,

v.

CHECKPOINT SYSTEMS, INC.,

Third-Party Defendant.

Motion

Third-party defendant Checkpoint Systems, Inc. (hereinafter Checkpoint) moves this Honorable Court pursuant to Rule 39(a) for leave to amend its answer and counterclaim to include the defense of invalidity and unenforceability due to plaintiff's breach of its uncompromising duty of candor to the United States Patent and Trademark Office. Specifically, defendant seeks leave to file a first amended answer modified by the addition of paragraph 17 (Affirmative Defenses) and paragraphs 37 and 38 (Counterclaim) as follows.

Appendix A

Affirmative Defenses

17. United States Patent No. 3,500,373 and each of the claims thereof are invalid and unenforceable due to plaintiff's breach of its uncompromising duty of candor to the United States Patent and Trademark Office. More specifically:

a) On May 2, 1966 plaintiff's president and named inventor, Arthur J. Minasy, executed an oath before the United States Patent and Trademark Office stating that he was the sole inventor of the subject matter disclosed and claimed in the application that matured into United States Patent No. 3,500,373;

b) This oath was executed knowing the same to be false with the intent to deceive the United States Patent and Trademark Office into believing that he (Minasy) was the true and sole inventor of the subject matter disclosed and claimed in United States Patent No. 3,500,373; and

c) In reliance on this false oath the United States Patent and Trademark Office issued United States Patent No. 3,500,373 to Minasy which was thereafter assigned to Minasy's corporation, Knogo Corporation, plaintiff herein.

Counterclaim

37. U.S. Patent No. 3,500,373 and each of the claims thereof are invalid and/or unenforceable for the reasons set forth in paragraph 17 of the First Amended Answer all of which are incorporated herein by reference.

38. Plaintiff has wrongfully asserted U.S. Patent No. 3,500,373 which it knew or should have known was invalid or unenforceable. Because of this wrongful assertion third-party defendant has been damaged by an amount to be assessed.

Appendix A

The proposed Amended Answer and Counterclaim is attached hereto as Exhibit A. [omitted]

The grounds for this Motion are that Checkpoint, in the course of discovery, has uncovered evidence showing that:

a) The named inventor (Minasy) is not the sole inventor of the subject matter described and claimed in the patent in suit; and

b) That Mr. Minasy, with the intent to deceive the United States Patent and Trademark Office, intentionally omitted the name of the true inventor of the subject matter described in the patent in suit. For these reasons, as more specifically explained in Checkpoint's accompanying memorandum, it is respectfully requested that Checkpoint's Motion To Amend Its Answer and Counterclaim be granted.

Respectfully submitted,

CHECKPOINT SYSTEMS, INC.

By /s/ STANLEY M. SCHURGIN

Stanley M. Schurgin
Attorney for third-party defendant

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OF COUNSEL:

Paul J. Hayes, Esq.

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One State Street
Boston, Massachusetts 02109

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Appendix A

Stipulation for Dismissal

IN THE

UNITED STATES COURT OF CLAIMS

194-79C

KNOGO CORPORATION,

Plaintiff,

v.

THE UNITED STATES,

Defendant.

It is hereby stipulated by and between the plaintiff, Knogo Corporation, and the defendant, the United States, that the above-entitled action be and the same is hereby dismissed *with prejudice.*

Date: 4-17-81 /s/ WALTER POZEN

WALTER POZEN
Attorney for Plaintiff

Date: April 17, 1981 /s/ THOMAS S. MARTIN

THOMAS S. MARTIN
Acting Assistant Attorney General

Date: April 17, 1981 /s/ HARRY E. BARLOW

HARRY E. BARLOW
Attorney, Department of Justice

Appendix A

Plaintiff Knogo Corporation's Memorandum in Opposition to Third Party Checkpoint's Order Precluding Entry of Dismissal

IN THE

UNITED STATES COURT OF CLAIMS

No. 194-79C

Trial Judge Joseph V. Colaianni

KNOGO CORPORATION,

Plaintiff,

v.

THE UNITED STATES,

Defendant,

and

CHECKPOINT SYSTEMS, INC.,

Third Party Defendant.

Third-Party Defendant Checkpoint Systems, Inc. (Checkpoint) has moved this Court for an order that the Stipulation for Dismissal between plaintiff Knogo Corporation (Knogo) and Defendant, The United States, copy of which is annexed hereto as Exhibit A, not be entered. Knogo opposes this motion on the grounds that Checkpoint has

failed to demonstrate any basis for the continuation of this action before this Court by two private litigants where the controversy no longer involves in any way the United States Government.

This Court should not be burdened unnecessarily by what is now a private dispute between private citizens.

STATEMENT OF FACTS

On May 11, 1979 plaintiff Knogo Corporation brought this action against the United States to receive reasonable compensation for the unauthorized use by the United States of apparatus claimed to come within the scope of Knogo's U. S. Patent No. 3,500,373.

On July 3, 1979 notice was filed by the United States Government under Rule 41 requesting its supplier, Checkpoint Systems Inc., to appear as a party to this suit, if it so desired, and to assert any interest that it might have therein.*

On October 19, 1979 Checkpoint Systems, Inc. voluntarily appeared as a Third Party Defendant in this action and filed an Answer. Checkpoint's Answer does not contain any third-party claim against the United States. Checkpoint immediately commenced discovery against Knogo and pretrial discovery by Knogo, by the Government and by Checkpoint proceeded thereafter, including a number of unsuccessful motions and an unsuccessful interlocutory appeal by Checkpoint.

* Thus, the sole basis for Checkpoint's presence in this litigation was its indemnification of the Government. This is now moot.

Appendix A

On May 13, 1981 all of the parties conducted settlement negotiations which culminated in a tentative oral understanding for resolution of this controversy. The parties thereafter attempted to reduce the oral understanding to a definitive written document. However, Checkpoint thereafter retreated from its original position. Nevertheless, Knogo and the United States were able to resolve their mutual differences and entered into a Stipulation for Dismissal, Exhibit A annexed hereto, resolving all matters relating to the issues in this suit, as between the United States and Knogo.

Thereafter, despite repeated attempts, Checkpoint and Knogo so far have not been able to settle their private controversy, even though Knogo has stated that it is willing to dismiss this action with prejudice as against Checkpoint, as it did with the Government.

ARGUMENT

I

The Settlement and Stipulation for Dismissal Between Knogo and the Government Removes the Statutory Basis for this Action

The jurisdiction of this Court is controlled by the provisions of 28 U.S.C. 1498(a), which states in pertinent part as follows:

> "Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action *against*

> *the United States* in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture." (emphasis added).

Therefore, the statutory authority for this Court's jurisdiction requires that there be a controversy involving a claim against the United States. *Interdent Corporation* v. *United States*, 488 F.2d 1011 (Ct. Cl. 1973). Absent such claim or controversy there is no cause of action cognizable by this Court. Indeed, Checkpoint alleges no statutory basis to support jurisdiction of its claim against Knogo.

Checkpoint's contention that, since it has not signed the Stipulation for Dismissal this case cannot be dismissed under Rule 102(a)(1)(ii), is without merit. Pursuant to the provisions of Rule 102(b)(1), this Court may on its own dismiss the action at any time, and does not need Checkpoint's permission to do so. Where, as here, the jurisdiction of the Court no longer attaches since there is not now pending a claim involving the United States, Rule 102(b)(1) controls and this case may be and should be dismissed, even without Checkpoint's consent.

In view of the resolution of Knogo's claim against the Government and the Stipulation for Dismissal entered into by the Government and Knogo, there is no "claim" now properly pending before this Court. Accordingly, the Stipulation for Dismissal now before the Court should be entered and the case dismissed.

Appendix A

II

This Is Not the Proper Forum for the Present Dispute Solely Between Checkpoint and Knogo

Checkpoint attempts to make much of the fact that Knogo has sued Checkpoint and its distributors in a number of foreign countries on counterparts to the patent in suit. (Checkpoint Memo, pp. 2-3). This of course is totally irrelevant to any issue before this Court.

If Checkpoint has any basis for a claim against Knogo relating to the patent in suit, it is not without recourse or a forum before which to seek relief. As with any private controversy, the District Courts of the United States are available to any litigant. However, there is no reason why this Court should continue to be burdened by this extraneous litigation which is totally independent of any claim against the United States.

Checkpoint has, in fact, been offered a stipulation of dismissal with prejudice with respect to the patent here in suit. However, Checkpoint, in reality, is seeking by this motion to hold up the disposition of this litigation in an attempt to improperly extract its alleged attorneys fees from Knogo which, even if this case went to judgment, Checkpoint would not be entitled to under the provisions of *28 U.S.C. § 2412.** *Calhoun* v. *United States*, 453 F.2d 1385

* Checkpoint admits in its brief that only two anti-theft detection systems (contract value $38,000) were involved in the suit against the Government, and yet Checkpoint asserts that it has expended over $175,000 defending the action (p.4). Either it has exaggerated its expenses or has wasted its money on unsuccessful attempts to seek unwarranted discovery from Knogo.

(Ct. Cl. 1972); *Leesona Corp* v. *United States*, 599 F.2d 958 (Ct. Cl. 1979).

Checkpoint principally relies upon the case of *Bowser, Inc.* v. *The United States and General Steel Tank Co.*, 420 F.2d 1057 (Ct. Cl. 1970).* However its reliance thereon is misplaced since *Bowser* is no authority for Checkpoint's attempt to keep this case before this Court, absent a claim against the United States. *Bowser* merely stands for the proposition that a supplier to the Government may appear and participate as a third-party intervenor in an action before this Court involving a claim against the Government. Nowhere does *Bowser* stand for the proposition that this Court has jurisdiction of a controversy solely between the plaintiff and such third-party, not involving any claim against the United States. In fact, the law is directly to the contrary.

In the case of *Rolls-Royce Ltd.* v. *United States*, 364 F.2d 415 (Ct. Cl. 1966), this Court refused to consider a third-party claim by United Aircraft, the Government's supplier, against Rolls-Royce relating to an alleged breach of a patent license between United and Rolls on the grounds that such claim was beyond the authority of the court to decide, even though the license issue impacted upon the main issue of the case; namely infringement of Rolls' patent.

As the Court noted:

> "The powers of the court are to be ascertained from the acts of Congress creating and defining its

* The other cases relied upon by Checkpoint in its brief are inapposite because those cases are concerned with courts of general jurisdiction not, as here, where jurisdiction is limited by specific statutory authority which encompassed the third-party claim.

jurisdiction, and we have been referred to no statute which confers jurisdiction on this court to enter judgment for United on the counterclaim it has filed." (364 F.2d 417).

See Also *Christy Corporation* v. *United States*, 387 F.2d 395 (Ct. Cl. 1967).

CONCLUSION

Based upon the foregoing facts and authorities, it is respectfully submitted that Checkpoint has no further legally-cognizable interest in this litigation and has no standing to oppose entry of the Stipulation for Dismissal between Knogo and The United States. Accordingly, the Stipulation for Dismissal between Knogo and the United States should be entered and this case dismissed from the Court's docket.

Respectfully submitted,

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Appendix A

Supplementary Response of Knogo Corporation

IN THE

UNITED STATES COURT OF CLAIMS

No. 194-79C

Judge Joseph V. Colaianni

KNOGO CORPORATION,
Plaintiff,

v.

THE UNITED STATES,
Defendant,

and

CHECKPOINT SYSTEMS, INC.,
Third-Party Defendant.

On April 17, 1981 Checkpoint filed a Motion for an Order Precluding Entry of Dismissal in this action. On May 4, 1981, Knogo filed its memorandum in opposition to Checkpoint's motion; and on May 8, 1981 Checkpoint served Knogo by mail with its reply to Knogo's memorandum.

Knogo moves herewith for leave to file a supplementary response to Checkpoint's Motion to Preclude Entry of Dismissal. The basis for Knogo's present motion is that Checkpoint's reply contains new matter, as follows:

1. The patent in suit was fraudulently procured (Checkpoint reply pps. 5-6); and

Appendix A

2. The alleged amount of attorneys fees purportedly paid by Checkpoint (Checkpoint reply p. 6, and Affidavit of Ted Wolf).

There is no basis, legally or factually, for any of Checkpoint's allegations.

I.

Checkpoint Improperly Asserts that The Knogo Patent Was Fraudulently Procured and Asserted

For the first time on this motion, Checkpoint alleges fraudulent conduct by Knogo in the procurement of the patent in suit. Checkpoint then uses this baseless contention as the bootstrap support for its claims for attorneys' fees.

There is not one shred of substantive evidence presented in this case in support of such an allegation of fraud. As support for this baseless contention, Checkpoint singles out certain testimony of the inventor, Mr. Minasy, in which he did not answer deposition questions to Checkpoint's satisfaction concerning: (a) the structure and operation of specific circuits in the patent in suit and (b) the employment by Airborne Instruments Laboratories of the person who helped Mr. Minasy build his first circuits.

Checkpoint conveniently omits to note that Mr. Minasy's deposition took place some fifteen years after his invention was made and that since that time Mr. Minasy has been involved in the business activities of his company rather than the technical activities of Knogo. Checkpoint has also failed to establish any conscious and deliberate effort on the part of Mr. Minasy or *anyone else* to withhold information from the Patent Office as to the inventorship of the

patent in suit. Checkpoint makes this new argument in its reply for the first time to bolster its contention that this Court should award attorneys' fees to it. Absent such "fraud" Checkpoint tacitly recognizes that under no theory would it be entitled to such punitive damages. However, it is well settled that neither fraud nor unclean hands is to be lightly inferred. "They must be established by clear, unequivocal and convincing evidence". *Schnadig Corporation* v. *Gaines Manufacturing Co., Inc.*, 494 F.2d 383, 392 (6th Cir. 1974). In absence of any such evidence in the present case, Checkpoint's inferences and innuendos as to the alleged fraud should be disregarded.

II.

Checkpoint's Reply and the Wolf Affidavit are Less Than Candid As to the Alleged Injury to Checkpoint

At the outset, Checkpoint contends that this Court cannot dismiss this case absent its consent, even though Knogo's claim against the Government has now been resolved. This Court however can dismiss any action at any time on its own motion. (Court of Claims Rule 102(b)(1)). Nowhere does Rule 102 require the Court to give any consideration to demands for payment of attorneys' fees by a third-party defendant such as Checkpoint or to continue entertainment of this action absent the controversy involving the Government. In fact, *28 U.S.C. §2412* clearly and unambiguously excludes fees and expenses of attorneys in any action brought *by or against* the United States. The cases cited by Checkpoint (reply, pps. 3-4) are not applicable to the present case because those cases all concern situations *not* involving an action *by or against* the United

States. Checkpoint has pointed to no case where attorneys' fees were awarded to a volunteer third party defendant in an action against the United States.

Moreover, Checkpoint's reply alleges that it has expended *$165,400* in defending this litigation in the Court of Claims. Checkpoint for the first time has submitted an affidavit of Ted Wolf, president of Checkpoint, stating that Checkpoint has presently expended approximately *$160,400* in this case.*

Checkpoint however, has failed to set forth the full background of any payments it made for legal work in connection with this litigation. It was developed during prosecution of this lawsuit that Checkpoint itself is being indemnified by its licensor, Arthur D. Little, Inc.; and it appears from the presently available documents that whatever payments Checkpoint may have made for legal fees are offset from the royalties it is required to pay to Arthur D. Little, Inc. Thus, Checkpoint in fact has paid out of pocket not one penny in defense of this action.

Checkpoint attempts to justify its alleged expenditure by saying that it had to aggressively defend the lawsuit to avoid the res judicata effect of a holding of validity and infringement (Checkpoint reply p. 2 footnote). Again, however, Checkpoint omits to point out that it joined this litigation voluntarily; and, had it not joined in this case, there could have been no decision having a res judicata effect against Checkpoint. At most, Checkpoint might have been liable for the reasonable and entire compensation the

* Checkpoint's first brief alleged an expenditure of over *$175,000*. These discrepancies are not explained by Checkpoint nor is the fact that the amounts alleged at the hourly rates proposed by Mr. Wolf correspond to an attorney working full time for nearly a year on this case, which involves a contract worth $38,000.

Government would have had to pay to Knogo for its use of two installations in the Patent Office worth a total of $38,000. Further, had the patent been declared invalid or uninfringed, Checkpoint would have had no further need to litigate the patent. *Blonder-Tongue* v. *University Foundation*, 402 U.S. 313 (1970).

Conclusion

Based upon the foregoing facts and authorities it is submitted that Checkpoint's allegations in its reply brief regarding fraudulent procurement of the patent in suit, the scope of Court of Claims Rule 102 and the purported injury to Checkpoint resulting from this litigation have no basis in law or fact nor are they relevant. Accordingly, the Stipulation for Dismissal between Knogo and the United States should be entered and this case dismissed from the Court's docket.

Respectfully submitted,

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Appendix B

Rules and Statutes

(1) Rule 41 (c) — Rules of the United States Court of Claims

(c) Issuance and Service of Notice: (1) If the court, on its own motion or on the motion of a party, orders any third person to be notified pursuant to subparagraph (1) of paragraph (a) of this rule, the clerk shall issue an original and 1 copy of the notice for each third person to be notified. The notice shall contain the names of the parties and a statement of the time within which such third person may appear, and shall state that in case the third party fails to appear and assert a claim in the subject matter of the suit, his claim or interest therein shall forever be barred. The notice shall indicate that it is accompanied by a copy or copies of the pleadings filed in said suit, naming such pleadings.

(2) Upon the issuance of such notice upon motion of a party, the notice with the accompanying pleadings shall be delivered by the clerk to the moving party, who shall at his expense cause the same to be served by the United States marshal for the judicial district wherein the person to be notified may be found, and the return of such service shall be made directly to the clerk of this court.

(3) When the court directs the issuance of a notice to a third person on its own motion, each of the existing parties shall, on request of the clerk, deliver to the clerk a sufficient number of copies of pleadings filed by such party to provide the third party to be notified with a copy of each

of such pleadings, and the clerk shall forthwith issue such notice as specified in subparagraph (1) of paragraph (c) of this rule, and shall forward the same with accompanying copies of the pleadings to the Attorney General for service by the United States marshal in the judicial district where the person to be notified may be found.

(4) When service of the notice required by subparagraph (1) of this paragraph (c) is to be effected upon a third person in a foreign country, service of the notice may be made by the moving party or the court (as required by subparagraphs (2) and (3) of this paragraph (c)) and proof of such service may be made in the manner authorized by Rule 4(i) of the Federal Rules of Civil Procedure.

(2) Rule 102(a) — Rules of the United States Court of Claims

(a) Voluntary Dismissal; Effect Thereof: (1) *By Plaintiff; By Stipulation:* Subject to the provisions of any statute of the United States, an action may be dismissed by the plaintiff without order of the court (i) by filing a notice of dismissal at any time before service of the answer or of a motion for summary judgment, whichever first occurs, or (ii) by filing a stipulation of dismissal signed by the adverse parties, or (iii) by filing a motion to dismiss endorsed "no objection" by the adverse parties. Unless otherwise stated in the notice of dismissal or stipulation, the dismissal is without prejudice, except that a notice of dismissal operates as an adjudication upon the merits when filed by a plaintiff who has once dismissed in any court of the United States an action based on or including the same claim.

(2) *By Order of Court:* Except as provided in subparagraph (1) of this paragraph (a), an action will not be dismissed at the plaintiff's instance except upon order of the court and upon such terms and conditions as the court deems proper. Unless otherwise specified in the order, a dismissal under this subparagraph (2) is without prejudice.

(3) 28 U.S.C. § 1255

Cases in the Court of Claims may be reviewed by the Supreme Court by the following methods:

(1) by writ of certiorari granted on petition of the United States or the claimant;

(2) By certification of any question of law by the Court of Claims in any case as to which instructions are desired, and upon such certification the Supreme Court may give binding instructions on such question. June 25, 1948, c. 646, 62 Stat. 928.

(4) 28 U.S.C. § 1498(a)

§ 1498. Patent and copyright cases

(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

Appendix B

For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

The court shall not award compensation under this section if the claim is based on the use or manufacture by or for the United States of any article owned, leased, used by, or in the possession of the United States prior to July 1, 1918.

A Government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the invention by the Government. This section shall not confer a right of action on any patentee or any assignee of such patentee with respect to any invention discovered or invented by a person while in the employment or service of the United States, where the invention was related to the official functions of the employee, in cases in which such functions included research and development, or in the making of which Government time, materials or facilities were used.

(5) 28 U.S.C. § 2412

Except as otherwise specifically provided by statute, a judgment for costs, as enumerated in section 1920 of this title but not including the fees and expenses of attorneys may be awarded to the prevailing party in any civil action brought by or against the United States or any agency or

official of the United States acting in his official capacity, in any court having jurisdiction of such action. A judgment for costs when taxed against the Government shall, in an amount established by statute or court rule or order, be limited to reimbursing in whole or in part the prevailing party for the costs incurred by him in the litigation. Payment of a judgment for costs shall be as provided in section 2414 and section 2517 of this title for the payment of judgments against the United States.

June 25, 1948, c. 646, 62 Stat. 973; July 18, 1966, Pub.L. 89-507, § 1, 80 Stat. 308.

(6) 35 U.S.C. § 285

The court in exceptional cases may award reasonable attorney fees to the prevailing party. July 19, 1952, c. 950, § 1, 66 Stat. 813.

(7) 41 U.S.C. § 114(b) (c)

(b) The Court of Claims, on motion of either of the parties, or on its own motion, may summon any and all persons with legal capacity to be sued to appear as a party or parties in any suit or proceeding of any nature whatsoever pending in said court to assert and defend their interests, if any, in such suits or proceedings, within such period of time prior to judgment as the Court of Claims shall prescribe. If the name and address of any such person is known or can be ascertained by reasonable diligence, and if he resides within the jurisdiction of the United States, he shall be summoned to appear by personal serv-

ice; but if any such person resides outside of the jurisdiction of the United States, or is unknown, or if for any other good and sufficient reason appearing to the court personal service cannot be had, he may be summoned by publication, under such rules as the court may adopt, together with a copy of the summons mailed by registered mail to such person's last known address. The Court of Claims may, upon motion of the Attorney General, in any suit or proceeding where there may be any number of persons having possible interests therein, notify such persons to appear to assert and defend such interests. Upon failure so to appear, any and all claims or interests in claims of any such person against the United States, in respect of the subject matter of such suit or proceeding, shall forever be barred and the court shall have jurisdiction to enter judgment pro confesso upon any claim or contingent claim asserted on behalf of the United States against any person who, having been duly served with summons, fails to respond thereto, to the same extent and with like effect as if such person had appeared and had admitted the truth of all allegations made on behalf of the United States. Upon appearance by any person pursuant to any such summons or notice, the case as to such person shall, for all purposes, be treated as if an independent proceeding had been instituted by such person pursuant to section 250 of Title 28, and as if such independent proceeding had then been consolidated, for purposes of trial and determination, with the case in respect of which the summons or notice was issued, except that the United States shall not be heard upon any counterclaims, claims for damages or other demands whatsoever

against such person, other than claims and contingent claims for the recovery of money hereafter paid by the United States in respect of the transaction or matter which constitutes the subject matter of such case, unless and until such person shall assert therein a claim, or an interest in a claim, against the United States, and the Court of Claims shall have jurisdiction to adjudicate, as between any and all adverse claimants, their respective several interests in any matter in suit and to award several judgments in accordance therewith.

Jurisdiction

(c) The jurisdiction of the Court of Claims shall not be affected by this chapter except to the extent necessary to give effect to this chapter, and no person shall recover judgment on any claim, or on any interest in any claim, in said court which such person would not have had a right to assert in said court if this section had not been enacted. July 1, 1944, c. 358, § 14, 58 Stat. 663; July 28, 1953, c. 253, § 5, 67 Stat. 226.